Schumpeter and Democracy

Critical Review

An Interdisciplinary Journal *of* Politics *and* Society

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Vol. 9 No. 3 Summer 1995

Contents

Essays and Review Essays

301 The Limited Rationality of Democracy: Schumpeter as the Founder of Irrational Choice Theory — MANFRED PRISCHING

325 Is There a Universal Moral Sense? — PETER SINGER

341 Self-Management: Is It Postmodernist? — PETER ABELL

349 Foucault's Hyper-Liberalism — RONALD BEINER

371 Mutiny on Board Modernity: Heidegger, Sorel, and Other Fascist Intellectuals — ELLIOTT NEAMAN

403 Junk Bonds and Corporate America: Revisiting the Yago/Brock Debate — HENRY N. GOLDSTEIN

Responses and Exchanges

421 Libertarianism vs. Community: Reply to Simpson — RYSZARD LEGUTKO

427 Community in a New Libertarianism: Rejoinder to Legutko — PETER SIMPSON

431 Coercion Is Not a Societal Constant: Reply to Samuels — ROBERT HIGGS

437 Society Is a Process of Mutual Coercion and Governance, Selectively Perceived: Rejoinder to Higgs — WARREN J. SAMUELS

445 Researching Happiness: Reply to Wilson — ROBERT E. LANE

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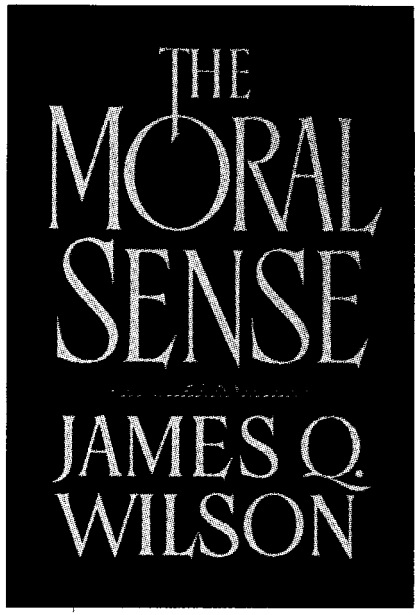

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Manfred Prisching

THE LIMITED RATIONALITY OF DEMOCRACY: SCHUMPETER AS THE FOUNDER OF IRRATIONAL CHOICE THEORY

Joseph Schumpeter's work has been all too selectively appropriated by public choice theorists. Schumpeter criticized the high level of rationality the classical model of democracy imputes to citizens, and he provided an alternative theory, inspiring rational choice theory and allowing for diverse forms of irrationality. Following in Schumpeter's footsteps I will discuss four problems: the deficient rationality of voters, politicians as "political entrepreneurs," leadership in democracy and the rise of the "political class," and the affinity between democracy and capitalism.

Although Joseph Schumpeter's role as precursor of the public choice approach is sometimes recognized, such political scientists, sociologists and economists as Anthony Downs, Mancur Olson, Albert Breton, William Niskanen, James Buchanan, and Gordon Tullock have taken up his ideas selectively, and have in key respects moved away from his perspective on how to analyze social phenomena.[1] A fresh reading of Schumpeter's contribution reveals theoretical insights that can remedy explanatory problems and empirical anomalies in public choice theory. Schumpeter combines a

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Manfred Prisching is professor at the Institut für Soziologie, Karl-Franzens-Universität Graz, Heinrichstrasse 106/I, A-8010 Graz, Austria, telephone (0316) 325506, telefax (0316) 381705.

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model of rational politicians and voters with a recognition of obvious irrationalities in the political process, greatly enriching the analysis of politics.

Although Schumpeter was an early contributor to the rational theory of democracy, he devoted most of his attention to the irrationalities dominating the political process. We might therefore consider him the founder of the *irrational choice approach*, which contends that the classical theory of democracy is insufficient because it presupposes the rational capabilities of voters.[2] To make use of Schumpeter's contribution, one need not repudiate the idea of rationality, but one must view it as an ideal type in the Weberian sense, a concept that may need to be modified or supplanted when being applied to the realities of politics.[3] Schumpeter's view is rich in qualifications of the model which holds that interest-maximizing voters meet vote-maximizing politicians in the political marketplace.[4] I will describe four general issues identified by Schumpeter's description of modern democracy, and I will further develop his ideas by pointing to topical problems of the political process. Some of the propositions I will formulate in the spirit of Schumpeter may appear quite trivial—but only at first glance. We will discover that they conceal some of the problems with viewing politics as rational.[5]

I. THE DEFICIENT RATIONALITY OF VOTERS

The real-life individuals described by Schumpeter do not resemble the enlightened and committed citizens taken for granted in most theories of democracy. Schumpeter's citizens do not possess consistent, transitive, or stable preferences. The market in which they act is not transparent. They have only fragments of information at their disposal in deciding between political options. It is even questionable whether they are endowed with the "bounded rationality" that leads to "satisficing behavior" (Simon 1978, 1983; March 1978); perhaps they come closer to displaying "thoughtless rationality" (Etzioni 1987).

Voters and Their Preferences

Neoclassical analysis portrays the rational voter as acknowledging political issues, diagnosing his preferences for their solution, com-

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paring the pattern of his preferences with the political programs on offer, and eventually choosing the party or person "nearest" to his values. But, according to Schumpeter, the identities and preferences of voters are diffuse and unstable. Let us consider some examples.

First, there is the matter of preference perception. Voters are unable to assess their own interests; their preferences are internally inconsistent, lexicographic, nontransitive; there are several layers of norms and wishes, preferences and meta-preferences; traditional rather than instrumentally rational behavior prevails; and even widespread attitudes are unstable (Schumpeter 1976, 262). Voters have "multiple selves" (Elster 1979). When a group's demands are satisfied, rather than being content it may develop new preferences, so that a "revolution of expectations" takes place. On the other hand it might be possible for political incumbents to respond to public pressure not by fulfilling demands but by reducing them through "moral suasion," e.g., by appealing to a state of national emergency to awaken nationalist sentiments. Voters may also consciously restrict the range of their future options. Therefore, politics does not only deal with fulfilling voter preferences. Changing the preferences and even identities of citizens is an integral part of real-world political strategies.[6]

Second, there is the problem of interpretation. A considerable part of political life is a matter of recognizing and interpreting what is going on: How to apply recognized preferences to political proposals and situations? As Alessandro Pizzorno (1990, 322) rightly notes, "Political discourse is a mode of expression which is made up not only of words, verbal messages, information, rhetorical devices, and ideology, but also of gestures, relationships, exemplary actions, and suggested emotions. The voter will respond, therefore, not only to the politician's mastery of symbolic language, his propagandist and 'persuasive' abilities, but also to his ability to inspire confidence, to create ties of solidarity, and an intense and enduring loyalty, which is sheltered from the consequences of applied political governmental decisions." The issue is complicated when we accept Schumpeter's proposition that fraud and trickery are natural parts of the political process (1976, 271). Sometimes, "the sense of reality is . . . completely lost" (ibid., 261).

Third, there is the problem of the political discount rate. While Schumpeter's citizens may possess a certain capacity to evaluate their immediate interests in personal life (Schumpeter 1976, 258ff.),

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in politics they usually prefer the present over the future to an unreasonable degree. Political competitors notice their short-sighted attitude, and therefore the allocation of political measures over time will usually be inefficient (Schumpeter 1976, 260ff.).[7] The fluctuations of public sentiments generally do not allow the development of consistent political programs, for politicians must take into account the short memories of the voters.[8] In modern democracies, the mass media strengthen the pressure towards short-term political considerations. The more *rational* the behavior of volatile voters, the more they react to the government's performance; but this means that government policy tends to maximize more and more short-term benefits, becoming progressively *irrational*. There are well-known examples of this phenomenon: governments seem unable to deal adequately with long-term ecological problems; they *may* produce economic cycles to achieve reelection; and in the transformation process of the East European countries we observe the conflict between the short-term demands of citizens who want to improve their standard of living quickly and the long-term perspective which is needed to change the societal allocation mechanisms and to foster dynamic growth.

Schumpeter's concern about the abilities of voters to formulate their preferences and apply them to political situations allows more difficult questions to be put. If we assume that there is a *rational* voter, we have to ask what *rational* "systems of preferences" might be. Even Max Weber's value-free social science allows one to check the consistency of preferences, analyze their unconsidered side effects, and even tell the people what they want (Weber 1973). And what is the *rational* rate of time preference? Is the short-term "doer" or the long-term "planner" (Thaler and Shefrin 1981)[9] *rational*? We find it hard to call a disposition *rational* if its consequences threaten the existence of humankind.[10] Are political institutions *rational* if they accurately reflect irrational voter preferences? And, finally, what constitute *rational* voter "identities"? Is not the voter in postmodern society more and more dissimilar to the mature and thoughtful *citoyen* suggested in normative models of democracy?[11]

Voters without Expertise

According to rational choice theory, individuals base electoral deci-

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sions on objective data describing retrospective economic performance or on the promises of competing politicians regarding prospective performance. However, even economists and policy experts disagree about economic questions. How can voters, with their limited ability to acquire information, their restricted intellectual capacity, and their modest desire to process information, intelligently assess subtleties that baffle the experts? The appeal of enlightenment—"educate the people and let them vote freely" (Schumpeter 1976, 249)—is no way out of the dilemma. Some theorists contend that incorrect assumptions cannot persist in the long run, or even that individuals have "rational expectations" and are as competent in evaluating government policies as the best scientific institutions (Kantor 1979; McCallum 1980). But many decisions are irresolvable even for informed and qualified voters and most voters are neither. Must we shut our eyes and assume that all people are ready for political participation, capable of assessing the consequences of political programs, and responsible towards the common welfare?

Schumpeter (1976, 261) proposes that the individual, as a member of the committee of the whole nation, expends less disciplined effort on mastering a political problem than she expends on a game of bridge.[12] The errors resulting from the ignorance of each committee member persist even in the face of experience (ibid., 259). The assumption of voter ignorance is compatible with empirical findings (Barnes and Kaase 1979). Giovanni Sartori confesses that, "in any case, the voter is a big simplifier, and eventually he must be that" (Sartori 1992).

Rational choice theorists contend that ignorance is rational: considering the weak influence the single voter is able to exert in political matters, it would be foolish to invest much time and money in the acquisition of information. But how rational can a voter be without information? What is the rational strategy for voters to pursue when they recognize their impossible task? One strategy might be to develop confidence in a person who is expected to use his authority for the common welfare: confidence as a mechanism of reducing complexity, a risky advance concession (Luhmann 1968). But how rational is such confidence? Another strategy observed by political scientists is single-issue voting; but it is obviously *irrational* for a voter to concentrate his attention exclusively on one issue and ignore all other political problems. It might be rational for

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the overstrained individual to focus on the problem about which he considers himself a competent evaluator, treating it as a "sample" that allows him to judge other activities of government. But in modern society single issues cannot be evaluated adequately in isolation from each other, so it is *irrational* to base political evaluations on a single issue.

Emotional Voting

Voters may be capable in judging matters of everyday life, but, according to Schumpeter, "the typical citizen drops down to a lower level of mental performance as soon as he enters the political field. . . . He becomes a primitive again. His thinking becomes associative and affective" (Schumpeter 1976, 262). Emotional thinking can be observed not only at the individual but at the collective level; Schumpeter refers to Freud, Pareto, and Le Bon. Le Bon's *Psychologie des Foules* made us face gruesome facts "that everybody knew but nobody wished to see" (ibid., 257). A great deal of politics is the managing of emotions: sentiments of belonging to a party, feelings of national pride, expressions of shame over military defeat and so on. Particularly when people flock together, clear thinking is rare. Even worse: "Every parliament, every committee, every council of war composed of a dozen generals in their sixties, displays, in however mild a form, some of those features that stand out so glaringly in the case of the rabble, in particular a reduced sense of responsibility, a lower level of energy of thought and greater sensitiveness to nonlogical influences" (ibid., 257). Crowds of citizens storming through the streets after football games do not convey the impression of rational and responsible citizenship.

Examples abound. The nationalist and fundamentalist movements at the periphery of Europe, especially the murderers and rapists of Serbia, recall Schumpeter's remarks about "the sudden disappearance, in a state of excitement, of moral restraints and civilized modes of thinking and feeling, the sudden eruption of primitive impulses, infantilisms and criminal propensities" (Schumpeter 1976, 257). There are situations when *rational* models fall silent. Democracy requires "democratic self-control" (ibid., 294ff.),[13] but sometimes the *Über-Ich* seems to diminish.

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Shaping the "Will of the People"

Politicians invest a considerable share of their energies to molding and regulating the perceptions and preferences of the electorate. Experimental psychology has demonstrated that the decisions are decisively influenced by how the problem is presented to the decision maker. People prefer different policies in response to 5 percent unemployment than to 95 percent employment (Kahneman and Tversky 1979, 1984; Kahneman, Knetsch and Thaler 1986; Thaler 1992; Lindenberg 1990, 1992; et al.)[14] The central assumptions of rational decision theory are undermined by these findings.

As Schumpeter recognized, moreover, there are significant discrepancies between reality and its representations in the minds of the populace (Berger and Luckmann 1971). Information is shaped by political ideology and intellectual fashion, by public sentiment and pseudo-science; the distance of politics from everyday experience often leaves citizens at the mercy of political imagery.[15] Usually the "output matrix" of political "games" is not objectively discernible, and it changes from decade to decade. It is not obvious that, as rational choice theorists tend to assume, more public expenditures will improve the reputation of the government, for if libertarian ideologues influence public sentiment voters will rather reward reductions of public expenditures, as the 1980s may have shown (Olsen 1991). The economic debates of that decade were driven by the economic models (no matter how inchoate) that shape one's perception of political "problems," one's assessment of government responsibility for them, and one's judgment of political "results."

Social scientists tend to ask what the output of the political system *is* and to assume that citizens perceive this "fact"; Schumpeter suggests that more appropriate questions are what people *think* the output is, and how they proceed to evaluate it.[16]

II. POLITICIANS AS ENTREPRENEURS

Schumpeter's entrepreneur has become an economic celebrity. Weber (1968) emphasized the entrepreneur's rational, bourgeois and calculating attitudes, Schumpeter her dynamic, adventurous and innovative impulses. Werner Sombart (1987, 1988, 1915) tried to provide a synthesis.[17] In applying the theory of the entrepreneur to

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the world of politics, we have to look at her motivation as well as her innovative function.

Schumpeter's heroic entrepreneur reflects Nietzschean and Bergsonian influences, as well as more direct borrowings from Sombart and Friedrich von Wieser (1967). Schumpeter's entrepreneurs are no simple maximizers of profit, no neoclassical omnicalculators. They are driven by a range of incentives. They do not enjoy the hedonistic fruits of their deeds: they work relentlessly because they *must*. They dream of founding private empires, even dynasties. They want to be victorious. They overwhelm barriers, and want to fight and to succeed. Furthermore, there is the pleasure of the work, the act of creation itself (Schumpeter 1952, 137ff.; Schumpeter 1929). Such entrepreneurs are rather characterized by passions than by interests (Hirschman 1977)—or rationality.[18]

Mathematicians are as infrequently found among politicians as among business tycoons. They would not be competitive. This is a general proposition of Neo-Austrian economic theory (Kirzner 1980). Politicians are "political entrepreneurs" (Wagner 1966). Political business means—like economic business—uncertainty, evaluation and interpretation, intuition and speculation, influenced by luck and chance. According to Schumpeter, he who has nothing to provide but rationality cannot be an entrepreneur. Entrepreneurial rationality is not the uniform rationality beloved by rational choice theorists because it is so readily formalized.

One of Schumpeter's most important insights was his distinction between static economic analyses and the dynamic forces of the capitalist process (Warriner 1931; Elliott 1985)—between "competition as a state of affairs" versus "competition as a process" (Langlois 1986, 11). It is not sufficient to confine oneself to the analysis of equilibrium conditions, for in the real world, innovation prevents the establishment of equilibria (Schumpeter 1939). There is no reason to assume that Schumpeter forgot his fascination with social dynamics when he turned to political processes.

Static rationality may be in conflict with *dynamic rationality*. Flexible adaptations to voter preferences may be exactly the wrong strategy. To adapt to niches of voters, fulfilling the expectations of smaller and smaller groups and optimizing one's political portfolio according to the advice of marketing experts may tag one as an opportunist unable to take decisive action. To a certain extent, "innovators" are never fully in accord with their surroundings; govern-

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ments and parties that dog the voter's footsteps may be judged "weak" or "untrustworthy." (On the other hand, they must not move too far away from popular commonplaces.) Not all politicians are adaptive vote-maximizers as issues like racism, prosecution of minorities, and immigration problems in European countries show (Dunleavy and O'Leary 1987, 155). In such cases it may be fortunate that they are not fully *rational*, but take advantage of constitutional buffers and the autonomous leeway of the state (Evans, Rueschemeyer and Skocpol 1984) to insulate themselves from public opinion.

Political Equilibrium vs. Discovery

Friedrich von Hayek's (1969) formula—the "process of discovery"—can be used to characterize the political process. The political programs of many groups and parties will be quite similar (Schumpeter 1976, 283), but the competitive political process exerts pressure for innovations (Riker and Ordeshook 1973). Political products age quickly. Within a short time, they are regarded as a matter of course, they become everyday phenomena. Therefore, the permanent functional services produced by the political system do not count much. They do not generate political legitimation. Only new achievements are acknowledged as legitimizing: increases, new programs, new transfers, innovations. The mass media strengthen the tendency of the public to react to nothing but innovation; the familiar is boring. Therefore, politicians must strive to provide new goods (and the appropriate portfolio of new goods) and to conquer new markets of voters (Prisching 1988).

Again we are faced with a special form of rationality. A political system is rationally constructed if it produces pressure for innovation. But innovations themselves, produced simply because of a craving for new sensations, may be irrational. Politicians act rationally when they generate these innovations. Yet voters are irrational in setting the strange product cycle of political goods into motion. Clearly Schumpeter's entrepreneur is not a universal type, *Homo economicus* (contra Martinelli 1985). Schumpeter (1952, 134) calls the enterpreneur "irrational" or says he is characterized by "another type of rationalism."

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III. THE POLITICAL CLASS

According to Schumpeter, politicians must not only embody professional competence and entrepreneurial qualities; primarily they have to be "leaders," even in a democratic order. The parliament does not merely represent the sovereign people; "it is an organ of the state exactly as the government or a court of justice is" (Schumpeter 1976, 248). Politics requires leaders because a classical democracy is only possible in small communities (ibid., 267). In modern states, "the people never actually rule but they can always be made to do so by definition" (ibid., 247).

Like Weber, Schumpeter emphasizes that domination is the central phenomenon of social action. "Collectives act almost exclusively by accepting leadership" (Schumpeter 1976, 270). Indeed, liberal democracies may need leadership more than totalitarian regimes, for in Schumpeter's view, democracy is an instrument for producing leaders: "Democracy means only that the people have the opportunity of accepting or refusing the men who are to rule them" (ibid., 284ff.).

Leadership includes a bundle of specific abilities: to realize the essential; to act in time; to create something new that later proves to be appropriate. Most importantly, the leader is able to convince other people and acquire authority over them. What this means is specific to every situation (as Schumpter wrote in his article about "social classes" in 1927). Supplying the programs and promises that motivate the Downsian voter are nothing but a small element of the process. The commentators of the great newspapers said with one voice that during his 1992 campaign Bill Clinton did not propose political programs for voters to evaluate; but he succeeded in producing a feeling of optimism and in conveying confidence, especially to the American middle class, thereby proving political leadership. In the months following his election, Clinton dazzled people with his intelligence and comprehension of policy, but soon critics were irritated because they could not see where the journey would go (Birnbaum 1993). Three years later, the evaluation of President Clinton's leadership has changed fundamentally.

The leader needs at least two kinds of rationality: the ability to use substantive knowledge to design solutions for pressing problems, and the ability to make friends, impress enemies and communicate with powerful institutions and persons. Both abilities are not

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necessarily combined in a person, and the different kinds of rationality may be mutually inconsistent. Sometimes irrational actions, such as a superfluous military action, might be rational so as to demonstrate leadership. Such a strategy might enable one to realize a *rational* program afterwards; one can only make peace if one proves ready for war. Leadership requires the rational deployment and handling of *irrationality.*

Leaders and the "Will of the People"

Political questions are not posed *by* the people, but *for* them.[19] Schumpeter (1976, 269) defines "the democratic method" as "that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people's vote."[20] Schumpeter's conception is explicitly elitist (Bachrach 1967; Bottomore 1966; Herzog 1982). Elite theorists like Mosca, Pareto, and Ortega did not take offense at the fact that it is always minorities who exercise power, and Weber considered the model of plebiscitary democracy the only viable one. Schumpeter concurs.

Nonetheless, Schumpeter presupposes as obvious that the elite's freedom to exercise power is curbed by its need to respond to the citizens' demands; they want to be re-elected, and they always have in mind the sanction of the coming elections. In this sense his view is compatible with the literature on the "ungovernability" of democracies that try to fulfill all popular demands (Crozier, Huntington, and Watanuki 1975; Hennis, Kielmansegg, and Matz 1977–79).

Such demands, however, are not givens. They are shaped by trickery, marketing and propaganda, agitation, and publicity. "What we are confronted with in the analysis of political processes is largely not a genuine but a manufactured will" (Schumpeter 1976, 263). Even the authentic will of social groups cannot be expressed before it is awakened by a political leader. When European farmers demand support from the European Union the central point of the conflict is not how to combine their preferences; the primary discussion is about the duties of honorable farmers to the Union and vice versa. This is not an information-transmitting process, but one aimed at molding images. It is a process of agitation in which farm-

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ers are molded into a group capable of developing and articulating their demands. Interest groups generally do not exist before politics creates them, and they do not develop their preferences until they are in the process of political creation. Similarly, nationalism comes before the existence of the nation. The political process provides groups with alternatives for action, it makes them into communities that are able to act, and therefore elites have to use symbolic politics to create "rationality" (Edelman 1964). With a touch of exaggeration: individuals know what is *rational* when elites tell them. "The will of the people is the product and not the motive power of the political process" (Schumpeter 1976, 263).

The Professionalization of Leadership

Schumpeter points out that politics is a field for a career, such that politicians develop professional interests.[21] This is not a tendency that can be fought off by "citizen politicians"; mass democracy can only persist if it can draw from a reservoir of appropriate personalities. Schumpeter agrees with Weber that the political order must be evaluated by its capacity to recruit a qualified new generation of politicians with political know-how. This does not, of course, mean a cadre of political geniuses, but "there are after all many rocks in the stream that carries politicians to national office which are not entirely ineffective in barring the progress of the moron or the windbag" (Schumpeter 1976, 289).

The Eastern European countries have recently experienced how difficult it can be to construct a democratic order in the absence of a political class on intimate terms with democratic procedures. Politics must be learned, and being a dissident in a totalitarian regime does not qualify one for political work in a democracy. Hence the return of the old communists, having learned at least the new political vocabulary. In the Western countries, there are other dangers: the democratic process is wasteful of personnel and energy, as Schumpeter noted, and it "may easily create conditions in the political sector that, once established, will repel most of the men who can make a success at anything else" (Schumpeter 1976, 290). Many observers would agree that modern democracies have already passed this point.

Modern society relies increasingly on the elites, experts, administrators, and technicians who staff Galbraith's "technostructure."[22]

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"Democratic government in modern industrial society must be able to command . . . the services of a welltrained bureaucracy of good standing and tradition, endowed with a strong sense of duty and a no less strong *esprit de corps*" (Schumpeter 1976, 293). This is quite different from public choice descriptions of bureaucrats as selfish administrators inefficiently producing an oversupply of public goods (Niskanen 1971; Tullock 1965). The budget-maximizing bureaucrat is modelled as an ambitious careerist whose advancement comes at the expense of the taxpayer. On the other hand is the bureaucrat's shirking, stemming from an apathetic personality that could hardly be found in the same person as the empire-building careerist.

Schumpeter's praise of administrative ethics and efficiency, like Weber's, can be traced back to Hegel, but it has its empirical roots in pleasing observations made by the German social scientists in the nineteenth century; they experienced the state administration as the integrating element in a politically fragmented country and as an enlightened and dynamic engine of modernization (Schmoller 1923; Prisching 1994). The result is a view of modern bureaucracy as the purest embodiment of rationality, in spite of all the bureaucratic irrationalities known to every citizen. In this view, "the tremendous loss of energy which the incessant battle in parliament and outside of it imposes upon the leading men" (Schumpeter 1976, 286) is compensated for by the bureaucracy's reliability and consistency.[23] One might therefore want to attribute the achievements of democratic governments to their bureaucratic engines.

IV. DEMOCRACY AND CAPITALISM

Schumpeter contends that there is no unambiguous relation between the political system (democracy or dictatorship) and the economic system (capitalism or socialism). He disagrees with Marxists, from Max Adler to Ernest Mandel, who contend that only socialism would allow for true democracy, as well as with liberals, from Hayek to Milton Friedman, who consider only free markets compatible with democracy. Schumpeter argues that the "logic" of socialism does not dictate a specific political order.[24] However, the more interesting question concerns historical probability. Here there does seem to be a correlation between capitalism and democracy.

For one thing, "modern democracy is a product of the capitalist process" (Schumpeter 1976, 297). Historical genesis aside, moreover,

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there are several reasons for an elective affinity between democracy and market society. First, freedom of individual decision is the basic principle in the economic as well as the political sphere. Second, the market restrains the sphere of political decisions, and therefore antidemocratic consequences of democratic votes become less probable. Third, market society promotes different opinions, and so it favors democratic tolerance. Fourth, capitalism furthers economic growth and expands the possibility for education, improving the democratic process (cf. Hayek 1944). Fifth, democracy requires free competition among political leaders by means of freedom of the press, which is hardly imaginable in a planned society (Schumpeter 1976, 271ff.).

These observations have an obvious relevance to the transformation processes in Russia, where many favor democracy without capitalism; Eastern Europe, where some propose a new kind of socialist mixed economy (Szelenyi 1989); and in China, where the aim seems to be capitalism without democracy (Shirk 1989).

Dueling Rationalities

Rational democratic behavior may impede the working of the market mechanism. The expansion of government activities caused by rising expectations may ruin capitalism. Schumpeter considers it to be important "that the effective range of political decision should not be extended too far" (Schumpeter 1976, 291). Restraining government is much more complicated in a socialist than in a capitalist system (ibid. 299). However, capitalism does not guarantee democratic self-discipline.

In his fiscal sociology in 1918, Schumpeter expresses the fear that a democratic order may lead to excessive demands—a fear James Buchanan (Buchanan and Wagner 1977), Hayek (1982), and many others share. As Schumpeter writes, the state lives parasitically in a market order. The "tax state" must not become so onerous that individuals lose their interest in work or in working energetically (Schumpeter 1954). According to Schumpeter, the rent-seeking society threatens the principles of the economic order: the demand for more and more public expenditures may overwhelm the ability of private egoism to pay for them. The tax state may then break down (Goldscheid 1919, 1976a, 1976b) for "cultural" rather than

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"economic" reasons (such as business cycles).[25] The exaggerated expectations of individuals rationally seeking their advantage may paralyze the market process (cf. also Schumpeter 1950).

The worldwide movement toward limiting government expenditures confirms Schumpeter's view.[26] No society is proof against the collective irrationality born of individually rational behavior, or against conflicts between individual and collective *rationality*, as depicted by the well-known models of prisoner's dilemma and free-rider behavior (Schelling 1978).

* * *

Robert Loring Allen gave his two-volume biography about Schumpeter the title *Opening Doors*. This is praise and rebuke at the same time. Schumpeter is commended for enriching the repertory of modern science, but is faulted for remaining in the diffuse sphere of the visionary, failing to provide a comprehensive formulation of his ideas (cf. Niehans 1981, 175; Stolper 1984, 37ff.). Yet Schumpeter's analyses would be compromised by formal models like those of rational choice theory. Such models exclude the sociological and cultural (Osterhammel 1987a, 1987b). Schumpeter's *irrational choice theory* allows for the diverse irrationalities[27] observable in really existing democracies. These doors are still open.

NOTES

1. Brennan and Buchanan 1985; Breton 1974; Buchanan 1975; Buchanan and Tullock 1962; Dahl 1956; Downs 1957.
2. *Irrational choice theory* is a contradiction in terms, because "choice" usually includes a conscious decision which suggests something like rationality. Nonetheless, the label is useful (a) because it may gain the attention of readers familiar with "rational choice theory," and (b) because of its peculiar connection of "irrational" and "rational" elements of action—the focus of this article.
3. Rational choice theory uses a special model of rationality designed to cover all areas of life: "the individuals involved [in the world of political behavior] need not be less rational than the individuals treated by economic theory: in fact, they are the same individuals" (Margolis 1982, 7). However, in the course of empirical investigation more and more "anomalies" have been found. One way of dealing with these findings would be to restrict the scope of rational analysis, surrendering ever more spheres of

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life to other disciplines. The other strategy is to extend rational analysis to the additional phenomena sensitively; this is the path we will follow.

4. The master provided a model, while the disciples, in spite of usually referring to the founder, constructed another one. This is not an unusual event. Keynesians, for example, re-read the "General Theory" after the crises of the 1970s; since that time we distinguish Keynes's theory and Keynesian theory, not to mention "Neo-Keynesian," "Post-Keynesian," and other versions.
5. In rational choice theory a certain type of rationality is assumed: individuals with certain preferences choose the actions that maximize their utility. Thus voters do not bear in mind the common good, but vote according to the advantage that will accrue to them from political programs; politicians and parties do not primarily want to realize ideological goals, but try to gain votes in order to maintain or expand their power; and bureaucrats are not wise administrators of public affairs, but mix their personal interests and desire for career success and prestige into their decisions. Cf., e.g., Mueller 1979.
6. It is not clear how we are to understand "rational behavior" in this context. If voters do not try to get information about important political problems, but decide how to vote on the basis of trust, fashion, or sentiment, we are inclined to call them "irrational." On the other hand, Downs (1968, 201ff.) calls slogans, ideologies, promises and personalities "rational" complexity-reducing strategies.
7. Political business cycles, as proposed in Kalecki 1943, Nordhaus 1975, and Tufte 1978, could be rational political strategies considering the short-term memory of the voters. However, empirical research has not been very successful in demonstrating the existence of such cycles. For a survey, see Lewin 1991.
8. As one commentator wrote of Bill Clinton's declarations about the necessity to invest for the long term, "That's bold talk for a man who will have to face the voters in less than 48 months" (Wessel 1993).
9. We are inclined to say that the "planner" is more rational; but how should we react if the "doer" argues that his spontaneous behavior is a counterweight to the rationalized modern world, that he *prefers* to live for the day and not think of tomorrow, and that he is even ready to accept inefficiencies and losses to realize his ideal of life? We could not deny him the label "rational."
10. There are three ways to understand time preferences. First, we can incorporate preferences into the model of rational behavior: among these may be a high discount rate for returns in the near future. Second, we can assume that two rationalities are in conflict with each other: the rationality of objective necessities (the circumstances of the real world) and the rationality of subjective preferences (human weakness, human irrationality). Third, we can ask the most ambitious question: What is the "rational" balance between short-term and long-term demands? An answer obviously presupposes some kind of metarationality.

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11. Even the difference between egoism and a devotion to the common welfare is not so clear as some people believe. "Enlighted self-interest" includes the common weal, to some extent. Under certain models of rule utilitarianism, rational egoism becomes indistinguishable from altruism: it becomes "rational" to want to live in a harmonious world with happy neighbors and justice for all classes. In that case, Schumpeter's (1976, 250ff.) attacks on the common-good presuppositions of the classical model of democracy would have to be qualified.
12. Schumpeter (1976, 261) compares clear-headedness at the bridge table with ignorance in political discussions: "At the bridge table we have a definite task; we have rules that discipline us; success and failure are clearly defined; and we are prevented from behaving irresponsibly because every mistake we make will not only immediately tell but also be immediately allocated to us. These conditions, by their failure to be fulfilled for the political behavior of the ordinary citizen, show why it is that in politics he lacks all the alertness and the judgement he may display in his profession."
13. Schumpeter provides a list of attitudes that must constrain emotions in order to maintain a democratic order. Electorates and parliaments must be proof against the offerings of the crook and the crank. Laws must not be passed that hurt the rights of minorities. A minimal consistency of policy must be maintained. Tolerance must be upheld. Parliament must resist the temptation to upset or embarrass the government each time it could do so. Voters must not withdraw their confidence too easily, and they must tolerate some mistakes made by their representatives. The opposition must discipline itself in its attacks against government. Schumpeter considers these dispositions, which are part of the "political culture," (in the sense of Almond, Verba, Easton, Lipset and others) general presuppositions for democracy.
14. In these theories "frames" (in the sense of Erving Goffman) are used to extend the domain of rational behavior to more complicated situations. A frame shapes the individual's view of a situation: He observes, for example, a "loss situation," a "gain situation," a "cooperative situation," or a "competitive situation," or a "friendship situation." Cf. also Kelley and Thibaut 1978. The "rationality of frames" can only be assessed in terms of their consistency and their coherence with other beliefs and information the individuals possess.
15. A puzzling fact emerges. Schumpeter attacks as unrealistic the behavioral assumptions of the classical doctrine of democracy, which builds on the "will of the people." His followers, however, have just taken these assumptions as given. Schumpeter (1976, 253ff.) writes:

> If we are to argue that the will of the citizens *per se* is a political factor entitled to respect, it must first exist. That is to say, it must be something more than an indeterminate bundle of vague impulses loosely playing about given slogans and mistaken impressions. Everyone would have to know definitely what he wants to stand for. This

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> definite will would have to be implemented by the ability to observe and interpret correctly the facts that are directly accessible to everyone and to sift critically the information about the facts that are not. Finally, from that definite will and from these ascertained facts a clear *and prompt* conclusion as to particular issues would have to be derived according to the rules of logical inference—with so high a degree of general efficiency moreover that one man's opinion could be held, without glaring absurdity, to be roughly as good as every other man's. And all this the modal citizen would have to perform for himself and independently of pressure groups and propaganda, for volitions and inferences that are imposed upon the electorate obviously do not qualify for ultimate data of the democratic process.

16. An additional problem is the difference of thinking and acting: "Rationality of thought and rationality of action are two different things. Rationality of thought does not always guarantee rationality of action. And the latter may be present without any conscious deliberation and irrespective of any ability to formulate the rationale of one's action correctly" (Schumpeter 1976, 259). And there is a warning by Schumpeter that should be heeded by empirical researchers who deal with unstable values or political culture: "The observer, particularly the observer who uses interview and questionnaire methods, often overlooks this and hence acquires an exaggerated idea of the importance of irrationality in behavior"—or he overestimates the rationality of behavior, the extent of value shifts, etc.
17. Cf. Prisching 1995.
18. There are some exemptions, like Frank 1988.
19. This section considers a question discussed above, but whereas we analyzed the problem from the perspective of the citizen, we now deal with the other side of the political market: the politician.
20. Schumpeter emphasizes the formal character of the democratic model, like Hans Kelsen, who called it a "formal principle of organization" and a "method of producing a social order" (Kelsen 1929, 1965).
21. Exponents of the democratic doctrine "have held strongly, sometimes passionately, that politics ought not to be a profession and that democracy degenerates whenever it becomes one. But this is just ideology." Normally, "personal success in politics . . . will imply concentration of the professional kind and relegate a man's other activities to the rank of sidelines or necessary chores." (Schumpeter 1976, 285)
22. "The problem could not exist if the political system were the monolithic actor engaged in the singleminded and omniscient pursuit of a unified concept of the public weal as it is often conceptualized in substantive policy analyses. In reality, however, the political system is composed of a plurality of actors with competing notions of what is good for society, competing perceptions of reality, competing hypotheses about what effects different policy interventions are likely to have, and different notions of their own institutional self interest. Effective policy, furthermore, is not the

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simple aggregate of individual choices but the outcome of strategic interactions which are patterned by widely differing institutional arrangements" (Scharpf 1991, 54).

23. Sometimes, Schumpeter notes, "the prime minister in a democracy might be likened to a horseman who is so fully engrossed in trying to keep in the saddle that he cannot plan his ride, or to a general so fully occupied with making sure that his army will accept his orders that he must leave strategy to take care of itself" (Schumpeter 1976, 287).
24. Schumpeter (1976, 284) holds that logically, "between socialism as we defined it and democracy as we defined it there is no necessary relation: the one can exist without the other. At the same time there is no incompatibility: in appropriate states of the social environment the socialist engine can be run on democratic principles."
25. The collapse of the system for economic reasons is predicted by such ideologically diverse social scientists as Karl Marx and Alvin Hansen (1938); the cultural tendencies are emphasized by Robert Heilbroner (1981), Daniel Bell (1976), Jürgen Habermas (1973), and Richard Löwenthal (1979).
26. Rational choice theory can, however, produce different conclusions: on the one hand, criticism of expanding state expenditures; on the other hand, criticism of public poverty. Cf. the positions of Tullock (1959) and Downs (1961).
27. To summarize some aspects of rationality we have only touched on: first, we have a series of advanced concepts, well known in rational choice theory, such as bounded rationality, satisficing behavior, the rationality of institutions, and rules. Second, there is the "rationality of preference systems," including a rational discount rate over time, the rationality of the "will of the people," and the "rationality of frames." Third, there are "rational dispositions" (concerning, e.g., an individual's reaction to gains or losses) and "rational identities" shaping single decisions. Fourth, there is "entrepreneurial rationality," with its mixed motivational structure, and "dynamic rationality," the core of the process of discovery, which sometimes finds itself in conflict with static rationality. Fifth, the democratic leadership problem induces us to consider the "rationality of confidence." Sixth, we are faced with the well-known conflict of "individual rationality" and "collective rationality," and the related question of the "rationality of the common good." Seventh, given the necessity of democratic self-control, we have to deal with the "rationality of political virtues" and political culture. Finally, we have to take into account the "rationality of emotions." Thus, we have to discuss when it may be rational to use the concept of rationality.

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Peter Singer

IS THERE A UNIVERSAL MORAL SENSE?

There is now increasing evidence for significant "moral universals"—that is, patterns of ethical principles that are recognized by virtually every human society. James Q. Wilson has assembled an engaging collection of this evidence for the existence of a "moral sense." At least in regard to the universality of the key features of sympathy and a sense of fairness or reciprocity, Wilson is right. Indeed, these features are even more universal than Wilson realizes: they extend to our closest nonhuman relatives as well. Yet the claim that these facts are best accounted for by positing the existence of a "moral sense" remains vague. Particularly when we consider what Wilson calls "the universal aspiration," the basis of this tendency in our moral thinking is as likely to lie in our capacity to reason as in our moral sentiments.

Do we, in virtue of our human nature alone, share a common moral sense with all other human beings, no matter what their cultural origins? For most of the present century, the majority of people who have considered this question answered it in the negative. Influenced by the accounts of pioneering anthropologists who focused on what was strange and exotic, they held that morality is a matter of culture. Westerners may consider infanticide to be wrong, but for the !Kung of the Kalahari, or the Polynesians of Tikopia, it

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Peter Singer, Professor of Philosophy and Deputy Director of the Centre for Human Bioethics, Monash University, Melbourne, Australia 3168, telephone + 61 3 9905 4270, telefax + 61 3 9905 3279, e-mail peter.singer@arts.monash.edu.au, is most recently the author of *How Are We to Live?* (Prometheus, 1995) and *Rethinking Life and Death* (St. Martin's, 1995).

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is right. Hindus perform child marriages, which we abhor. Americans teach their children to display their talents by individual performances at school talent nights, but to seek to stand out from the group in this way is frowned upon by the Japanese; and so on. Ethical relativism—taken as a descriptive fact about the ethical codes that exist in different societies—is something that many twentieth-century students bring to their first philosophy classes.

These students also often believe in ethical relativism in a different sense: as the thesis that truth in ethics is relative to culture, so a statement such as "Infanticide is wrong" would be true if said by one Midwestern farmer to another, but false if spoken in the Kalahari by a !Kung. The philosophers who teach the students, however, have never been very impressed with ethical relativism as a theory about the truth or falsity of ethical statements. They have objected that it leads to absurdities. Consider, for example, where it leaves moral reformers: they must be speaking falsely as long as their views remain those of a minority in society, but should they be able to persuade a majority that their false claims are true, then these views will indeed be true!

That philosophers generally reject ethical relativism does not mean that they take ethics to be universal or objectively true for all human beings. There are some who do, holding that we can know ethical truths by intuition, or perhaps, following Kant, by the use of our reason alone. Many philosophers will, however, go in the opposite direction, holding that moral judgments are not true or false at all, but more subjective, perhaps better understood as expressions of individual attitudes. Their seemingly objective nature is explained as part of our tendency to project onto the world things that are really in our own heads or hearts.

For the last 20 years—since the publication of E. O. Wilson's *Sociobiology: The New Synthesis*—a different set of ideas about ethics has been gathering strength. Wilson argued that ethics has a biological basis—and that "ethical philosophers intuit the deontological canons of morality by consulting the emotive centers of their own hypothalamic-limbic systems." Instead of this philosophical intuitionism, Wilson looked forward to a more scientific understanding of ethics, based on biology: "Only by interpreting the activity of the emotive centers as a biological adaptation can the meaning of the canons be deciphered" (Wilson 1975, 563). Although this hope seems destined to remain forever unfulfilled (it glosses over some

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basic differences between facts and values), Wilson did bring an evolutionary perspective to thought about ethics, and this has proved enlightening.

What does an evolutionary perspective contribute to our understanding of ethics? In a word, it helps us to understand ethics as something that has evolved out of our nature as intelligent social mammals. We are mammals and not, say, fish; so we have relatively few children, we know who they are, and we care for them after birth. This makes it important to know who reproduces with whom, and since sex and reproduction were tightly linked for most of our evolutionary history, this will in turn make who has sex with whom a significant and interesting manner. We also know who our other relatives are, and we are more likely to help them than to help strangers. Since we are social beings, we have relationships with others in our group; and because we are intelligent, long-lived, and have good memories, these relationships tend to follow complex patterns that reflect a constant tension between gaining advantages for oneself at the expense of others, and cooperating with others for mutual benefit. Understanding how evolution works makes it possible for us to explain these patterns of behavior in terms of what a being must do if it is to promote the existence of beings with similar genetic constitutions in future generations—which is not to say, of course, that we consciously act in certain ways *in order to* promote the existence of beings with similar genetic constitutions. To be more specific: we can expect that all human systems of ethics will treat parents as having obligations to their children, and to other kin. We can expect that there will be restrictions on sexual intercourse for fertile women, since without these, males could have no confidence in the paternity of their children. We can expect ethics to foster reciprocity in relationships, since this will be mutually beneficial; and we can also expect prohibitions on acts that threaten the cohesion of the social group.

There is certainly no direct line of deduction from what can be expected on the basis of our nature as social mammals, and what moral rules a society should have today. Nevertheless, when the intellectual climate was one of uncritical acceptance of ethical relativism and belief in the infinite capacity of human nature to be molded by culture, the claims of the evolutionary perspective needed to be advanced. For if our common human nature leads us to certain ethical attitudes, then we can expect to find common

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themes in human ethics. Or perhaps, since our close nonhuman relatives are also intelligent, long-lived social mammals with good memories, it would be more accurate to say that there will be common themes in primate ethics (Singer 1994). Human beings, like other species of primates, will develop these common themes in their own way.

Had it appeared in 1975, James Q. Wilson's *The Moral Sense* (New York: Free Press, 1993) would have fully deserved the descriptions that appear on its jacket: "unfashionable" and "against the current grain." Wilson himself—whose previous books include *Thinking About Crime, Crime and Human Nature,* and *On Character*—says (225) that among historians, philosophers, and anthropologists the "box score" has been something like Relativists 10, Universalists 1. If we understand by universalism the gloss Wilson gives here—the view that something "of universal significance can be said about our moral life," the scoreline was never so one-sided, and has become increasingly healthy for the universalists over the past few years. (An indication of the increasing support for universalism is the fact that two other books with themes strikingly similar to *The Moral Sense* have appeared at more or less the same time—Robert Wright's *The Moral Animal* [1995] and my *How Are We to Live?* [1995].)

A Moral Sense?

The title of Wilson's book hearkens back to one of the great epochs of English-language philosophy: the first half of the eighteenth century, the period of Lord Shaftesbury, Francis Hutcheson, and David Hume, who wrote of a "moral sense" by which we can judge what is right and what is wrong. These writers were reacting against the religious idea that right and wrong is a matter of God's will, to be known by divine revelation or authoritative teachings; but they were also in opposition to Thomas Hobbes's pessimistic view of human nature as bound to lead to a "war of all against all" unless our egoism is held in check by a sufficiently powerful sovereign. Instead, the "moral sense school," as these philosophers were known, held that while we may be selfish to a degree, we also have a range of virtuous instincts. We are inclined to be benevolent to our fellow humans, and to sympathize with their sufferings. Right and wrong, these writers argued, are based on instincts which take

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the form of feelings or sentiments. That is why Hume argued, in a famous passage, that we cannot deduce, from any set of facts about the world, a judgment about what we ought or ought not to do. We come to our moral views by looking within our own breasts, and discovering how we feel. Our moral sense, then, is the set of feelings or sentiments that we have within us.

An early criticism of the moral sense school was that it was remarkable that they had been able to discover a special organ of moral perception, like an eye or an ear, which no one else had noticed before! The criticism was misconceived, since the moral sense theorists had not been claiming that there is such a special organ, but rather that we have a common human nature that leads us to feel approbation or disapprobation about certain things. Nevertheless it was probably to avoid this criticism that Hume, the last of the great trinity of the moral sense school, usually avoided the term "moral sense," preferring instead to write of moral feelings or sentiments. One wonders if James Wilson might have done better to learn from Hume's example. Although the term makes a good title—and it will give scholars of eighteenth-century thought a nostalgic glow—it gives a misleading impression of what Wilson's book is about. As he himself says, at the end of his opening chapter:

> I am endeavoring to uncover the evolutionary, developmental, and cultural origins of our moral habits and our moral sense. But in discovering these origins, I suspect that we will encounter uniformities, and by revealing uniformities, I think that we can better appreciate what is general, nonarbitrary, and emotionally compelling about human nature. (26)

That is, undoubtedly, an important and fascinating enterprise. But we use our senses of sight, smell, hearing, touch, and taste to learn what the world is like. If while walking in a forest on a hot day I see a wall of flame in front of me, smell burning leaves, hear the crackle of fire consuming timber, and feel the heat, then I know that there is a fire coming my way, and that I had better get out of there fast or I will be burned to death. The term "moral sense" suggests a way of knowing something about the world that is in some sense comparable to the more familiar ways of knowing by the use of our eyes, ears, nose, fingers, and palate. But even if Wilson's suspicions are correct, and there are "uniformities" in our

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moral habits that are "nonarbitrary and emotionally compelling," what do these uniformities tell us about the world—other than the fact that these uniformities exist in human nature? More specifically, what moral conclusions would follow from them?

This is a crucial issue for moral philosophy, and for Wilson's book; I shall return to it, as Wilson himself does in the final chapter of his book. But Wilson also writes: "The truth, if it exists, is in the details" (26). It is certainly true that much of the value and interest of *The Moral Sense* lies in its discussion of specifics. This discussion is, in fact, not very detailed—how could it be, when it covers such a vast topic in only 250 pages of text, with another 50 pages of notes and references? The classic attempt to do what Wilson is attempting to do was probably Edward Westermarck's *Origin and Development of the Moral Ideas* (1906–1908), a work in two substantial volumes. As Wilson's numerous references to recent studies show, our knowledge of human nature has grown enormously in the 90 years since Westermarck did his research. It would be wonderful to have an updated *Origin and Development of the Moral Ideas* which took better account of evolutionary theory and the uniformities of human nature, but Wilson's book is at best a preliminary essay towards such a mammoth work.

What are the uniformities that Wilson explores? A glance at the contents page suggests some of them: the first part of *The Moral Sense* is entitled "Sentiments" and consists of four chapters on "Sympathy," "Fairness," "Self-Control," and "Duty." The second part of the book is headed "Sources" and also consists of four chapters: "The Social Animal," "Families," "Gender," and "The Universal Aspiration." The book concludes with a third part that contains a single chapter on "The Moral Sense and Human Character." In this discussion I shall focus on Wilson's discussions of sympathy and fairness, where I think the evidence for a universal moral sense is most compelling, and on the implications of the existence of a universal moral sense, assuming that there is one.

Sympathy

In the opening chapter of Part One, on sympathy, Wilson followed his eighteenth-century predecessors in arguing that "almost all humans" have a sympathetic or altruistic instinct (44). In contrast to

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what evolutionary theory would lead us to expect, this sympathy extends to those who are not our offspring, and even to nonhuman animals. It is also not limited to those who will reciprocate our help. Wilson supports this by reference both to historical studies, and to psychological experiments, especially the work of John M. Darley and C. Daniel Batson (1973), who confronted people with staged situations in which they had a chance to help a "victim" in need. Yet this experimental work is not quite as reassuring as it appears in Wilson's presentation. Particularly disturbing was one study in which Princeton theology students on their way to give a lecture came across a person lying groaning in an alleyway, apparently suffering from a heart attack. The proportion of students willing to stop to help—or even to tell someone else that there was a man in need of help—was made to fall from 63 percent to 10 percent simply by changing the instructions given to the students, so that instead of believing they had a few minutes before they were due to give the lecture, they thought they were running a minute or two late. (This finding held up even when the lecture the students had been asked to give was on the parable of the good samaritan.)[1]

Wilson is well aware that sympathy can be a weak motive. He cites Stanley Milgram's well-known experiments which show that, in obedience to an apparent authority, people are prepared to administer what seem to be 450-volt electric shocks to people who fail to answer some questions correctly; and he also refers to what ordinary Germans were led to do, without threat of retaliation, to Jews under Nazism. He does not discuss what we are prepared to do to animals for entertainment, to develop new cosmetics, or in order to eat pale soft veal. Perhaps he thinks these are all sufficiently well known. In the end he says: "Our capacity for being decent persons and one of the sources of our deepest depravity are, at root, one and the same" (54). But he does not explain this remark, nor discuss its implications for the view that sympathy (but not cruelty or sadism?) is an important aspect of human character.

Fairness and Reciprocity

Wilson also thinks that a sense of fairness is universal. He links it with reciprocity, the significance of which in human cultures has

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been described by many of the great anthropologists. Like obligations to kin, reciprocity is a norm for other species of long-lived intelligent social animals, too. Franz de Waal, who observed a group of chimpanzees for many years, has said (1982, 205–7) that the two basic rules the chimpanzees observe are "one good turn deserves another" and "an eye for an eye, a tooth for a tooth." He describes an incident when the rules were disobeyed. One chimpanzee, Puist, had supported Luit in a fight with Nikkie, another chimpanzee. Later Nikkie threatened to attack Puist, and she turned to Luit and held out her hand to him in search of support; but the appeal was in vain, and Luit did nothing to protect Puist against Nikkie's attack. When the fight between Puist and Nikkie was over, Puist turned on Luit, barking furiously. She chased him across the enclosure and even hit him. De Waal comments:

> If her fury was in fact the result of Luit's failure to help her after she had helped him, this would suggest that reciprocity among chimpanzees is governed by the same sense of moral rightness and justice as it is among humans.

Wilson refers to Robert Axelrod's delightful prisoner's dilemma computer tournament, as shedding light on why reciprocity should have evolved. The full significance of Axelrod's results (1984) is only now beginning to be widely appreciated, so I shall briefly summarize them here.

The prisoner's dilemma is an imaginary situation in which two prisoners, held in isolation in different cells, are invited to confess to a crime they are alleged to have jointly committed. If one confesses and the other does not, the one confessing will go free, and the one not confessing will be sentenced to five years in jail; if they both confess, they will be given three-year sentences, while if neither confesses the frustrated authorities will hold them for three months more before releasing them. The point of the dilemma is that individually, each ends up better off by confessing *whatever* the other prisoner does—that is, it is better to have confessed if the other one confesses (they then serve three years rather than five years) *and* it is better to have confessed if the other one does not confess (one then goes free immediately rather than in three months). Thus to confess is, in the language of decision theory, the

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dominant strategy—it leaves one better off no matter what happens.[2]

Prisoner's dilemma situations, then, appear to be skewed against cooperation. What Axelrod has shown, however, is that if computers are used to play *repeated* prisoner's dilemmas against each other, a cooperative strategy does very well. Axelrod thought of the prisoner's dilemma as a game, in which the aim is to get as many of the good outcomes and as few of the bad outcomes as possible—in other words, to spend as little time in jail as possible. To test which strategy would achieve this aim, Axelrod set up a round-robin tournament, with many different players, each of whom had to play a match (consisting of 200 games) with one player before going on to the next match. Each game involved deciding whether to cooperate with the other player by keeping silent, or to defect by confessing. How many years a player spent in jail as a result of that decision depended on what the other player did.

People carrying out research in decision theory were invited to send in strategies for the tournament. Fourteen entries came in, some of them quite elaborate. The computer pitted them all against each other. The winner turned out to be the shortest and simplest strategy submitted. It went like this:

1. On the first move, cooperate.
2. On every subsequent move, do whatever the other player did on his or her previous move.

This strategy was called "tit for tat," because it paid the other players back for what they did. If they were nice and cooperated, they were repaid by cooperation. If they were selfish and did not, they got a selfish, uncooperative response back on the next turn. The outcome of the tournament was no fluke. Tit for tat also won a second, larger tournament, in which the contestants all knew that tit for tat would be entered again, and were trying to come up with a better strategy.

This result makes an important contribution to our understanding of ethics, because it explains some central features of our notion of fairness, and of morality more broadly. It shows how a predisposition to be "nice"—that is, to begin any relationship by being willing to cooperate rather than going directly for personal advantage—can evolve through natural selection, and it also shows us

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what the limits of that predisposition must be. Axelrod has shown that in a group of animals all behaving cooperatively, each of them would do well, while in a group of selfish animals, each of them would do badly; but most significantly, when some animals in a group are cooperative and others are selfish, the cooperative ones will continue to do well as long as they stop cooperating immediately when they discover that another animal is not reciprocating. In that way, the selfish animals are not able to find enough suckers to gain much advantage from their refusal to cooperate; the occasional advantages they do gain are outweighed by the cost of not having cooperative relationships with others. In short, it is the existence of suckers that makes it possible for cheats to survive (Dawkins 1976).

Axelrod's computer tournament thus amounts to nothing less than an experimental refutation of Jesus' celebrated teaching about turning the other cheek. It shows why this ethic, for all its idealism, is positively harmful. If turning the other cheek is a metaphor for allowing others to take advantage of you without retaliating, then it undermines the advantage over selfishness that cooperation has when the cooperators follow the principles of tit for tat. Turning the other cheek allows the selfish to flourish and eventually to replace those who have a predisposition to be cooperative. So it makes us all worse off. This explains why it is not part of what Wilson calls the moral sense of human beings.

I shall now pass quickly over the next two chapters of Part One, "Self-Control" and "Duty," and over almost all of Part Two, "Sources." It is significant that although Wilson argues as if sympathy, fairness, self-control, and duty are all aspects of our moral sense at a similar level, it is really only sympathy and fairness that are substantive moral principles. "Self-control" is a virtue or a character trait, rather than a moral principle; it does not direct our actions, unless we have independent goals. Since Wilson says that self-control is virtuous only when the more distant pleasure or other goal is more praiseworthy than the more immediate gratification we are resisting, it is almost axiomatic that self-control of this kind will be universally regarded as a virtue—especially since Wilson acknowledges that it ceases to be a virtue if it is carried to an extreme. In a similar way, since by "duty" Wilson means following conscience or principle, there is no surprise in the idea that it should widely be regarded as admirable. "Do your duty!" makes

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sense only in the context of a shared understanding of what one's duty is; otherwise it gives us no direction at all. But if we are in agreement about what principles people should follow, it verges on tautology to say that people should do their duty. The issue is what your duty is—as in the case Wilson discusses, of U.S. military prisoners undergoing torture at the hands of their Vietnamese captors to make them reveal military secrets or condemn American intervention in Vietnam. How much torture does a military prisoner have a duty to resist? The answer presumably depends, at least in part, on the harm that will be done by doing what one's captors want one to do. Arguably, some American prisoners of the Vietnamese went beyond their duty in resisting torture, because their resistance was pointless, or even because—if we think the American intervention in Vietnam was wrong—it helped prolong an unjust war. That we should nevertheless find such devotion to duty praiseworthy to some degree is not surprising, because it is evidence of a character trait that, when put in the service of a good cause, will have the best consequences.

The Universal Aspiration

In Part Two, Wilson considers the sources of our moral sense, and finds some in our social (familial) nature—for example, in the different roles males and females have in nurturing children. This is well-trodden ground, until we come to the final and most original chapter of this part, "The Universal Aspiration." Here Wilson seeks explanations for how it is that, despite our strong tendency to prefer our own interests, or those of our family and our clan, to the interests of strangers, a growing proportion of humanity accepts that all human beings are entitled to equal respect. He refers to this tendency as "universalism," which is confusing, since it is a substantive ethical position, and as we have already seen, he uses the same term to refer to the descriptive claim that there is a moral sense common to human beings (225). The descriptive position does not entail the substantive ethical position, nor vice versa. Moreover, the ethical position that Wilson calls universalism is not truly universalist, but rather speciesist; for while holding that all human beings, irrespective of their age or intellectual capacity, are entitled to equal respect and the basic rights that go along with this, it still denies both equal

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respect and basic rights to nonhuman animals, even to our nearest and most intellectually advanced relatives, the great apes. That is, however, a topic for another occasion (see Cavalieri and Singer 1994). It is challenging enough to explain why so many of us now embrace the idea of equal respect for all human beings.

Wilson notes that the idea that the same ethical standards apply to all human beings can be found in non-Western cultures, and in religions such as Islam and Buddhism, as well as in Judaism and Christianity; but universalism, in this sense, only really took hold during the Enlightenment, which was a specifically Western phenomenon. Why did this happen only in Europe? Wilson finds the answer in the weakness of clan structures in Europe, a weakness that may have its origins in patterns of land holding, but was reinforced by the Catholic Church's ban on marriages between first cousins and other close relatives, and its denial that parental consent was needed to make a marriage valid. This doctrine, in sharp contrast to the arranged marriages of many other cultures, strengthened individualism by giving central importance to the individual choice of the bride and groom. At the same time it weakened the clan.

While it is not difficult to link this picture to the rise of individualism, Wilson is not so clear about why it led to ethical universalism rather than to rampant egoism. And indeed, if we look at contemporary American society, it would be easy to conclude that a strong emphasis on individualism does lead, in practice if not in rhetoric, to egoism rather than to ethical universalism. Wilson's idea appears to be that clans and similar feudal structures that generate strong loyalty to a particular group stand in the way of concern for a larger whole. If there is no middle ground, we can go from the individual to the universal, but if clans, tribes, or feudal structures are strong, they suppress both the individual and the universal focus. It is an interesting hypothesis, and one that gains some support from acquaintance with, for example, Japanese culture; but it is, as Wilson himself acknowledges, no more than an "informed guess." I would have liked to see more consideration of an alternative hypothesis: that the basis for a universal ethical perspective is to be found in our capacity to reason. It is surely no coincidence that the Enlightenment was also "the age of reason"; is it possible that what has been unique about Western culture since the eighteenth century is the relative weakness of the power that religion and cus-

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tom have been able to wield over the exercise of our rational faculties?

Reason and Ethics

Perhaps Wilson does not give much attention to the historical role of reason in taking us to a more universal ethic because his account of ethics rests so heavily on the moral sentiments and natural affections, rather than on any rational element. We see this most clearly in his concluding chapter, where he turns to the place of reason in ethics. Here his task is not to explain the development of ethical universalism, but rather to answer the central philosophical question about ethics: whether the deliverances of the moral sense are capable of rational justification. Wilson agrees with David Hume that morality rests on sentiment, rather than on reason alone, but he adds: "There are many ways of knowing; the teachings of the heart deserve to be taken as seriously as the lessons of the mind." He then goes on to argue that if our heart tells us that "torturing babies for fun is wrong," this is a truth which we cannot deny. Our natural affection for infants is so strong that if we were to fly in its face by accepting their torture for purposes of amusement, we would have difficulty in preserving an orderly society, and in leaving enough viable offspring.

Wilson has chosen an example that suits his purpose well, but his failure to probe more deeply here is indicative of a reluctance to push hard into the philosophical issues that any serious work of ethics must raise. We need to be wary of any uncritical reliance on sentiment or intuition. Wilson himself (227) writes about the strength and persistence of ethnic identity, and the way in which it "animates so much of history right down to the present." Indeed it does, with tragic consequences. Do we want to accept that "the teachings of the heart" that so many Serbs apparently feel about Croats, or vice versa, are also a "way of knowing?" How do we distinguish "the teachings of the heart" from "thinking with our blood," as recommended by the Nazis? We need to be able to sort through our moral sentiments, rejecting some and preserving others. What Wilson says about our natural affection for infants seems to suggest some kind of evolutionary ethic: moral truths are the outcome of sentiments which lead to the preservation of an orderly

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society and the propagation of viable offspring. But there are overwhelming objections, both philosophical and intuitive, to such a view. As Darwin himself recognized, evolution has no moral force; and many unequal and oppressive societies, over several centuries, have been orderly and have produced enough offspring.

If, then—and this remains an open question—there can be moral truths at all, reason must play a role in discovering what they are. But how is this possible? There is an ancient idea, traceable at least to the Stoics, that reason shows us that we are all fellow citizens. Kant (1785) made this into his categorical imperative, a law of reason that commands us to act only on maxims that we can will to be universal law. There are notorious problems with the way Kant himself phrased and interpreted his categorical imperative, but at least some of these have been solved in our own century by R. M. Hare's (1963; 1981) more careful formulation of the principle of universalizability. In a sentence, reason reveals to me a perspective from which I am merely one individual among others, and my wants and interests are of no more importance than the similar wants of any other individual. If we can take Wilson's choice of title, and his support for the moral sentiments, as an indication that he is willing to be seen as a modern descendant of Hume, then his book would have been enriched by a serious attempt to grapple with the arguments of the modern descendants of Hume's greatest opponent, Kant.

NOTES

1. John Campbell's challenging unpublished paper, "Can Philosophical Accounts of Altruism Survive Experimental Data on Helping Behaviour?" drew my attention to the experiment carried out by Darley and Batson.
2. Curiously, Wilson's account of the prisoner's dilemma (67) lacks this central feature of the standard version, because he has both prisoners going free if neither confesses. This makes the dilemma soluble, in the sense that each prisoner can achieve his or her best possible outcome by not confessing (as long as the other does the same). In the standard version, there is no solution that allows both prisoners to achieve the best outcome for each of them. The dilemma consists in the fact that if both prisoners, reasoning along parallel lines, strive directly to achieve the outcome that is best for each, individually, they will end up with an outcome that is worse for both of them than another outcome that they could have reached by not choosing the outcome that is best for each of them, individually.

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Peter Abell

SELF-MANAGEMENT: IS IT POSTMODERNIST?

Conceptions of self-management and the labor managed firm (LMF) have not been well received by economists. They have, however, proved to be a continuing (though minority) interest in the socialist movement from Marx onwards. Prychitko claims that by examining the humanist side of Marx, a socialist case can be made both for the LMF and markets in a postmodern world. Such a case rests upon an assumption that self-management confers competitive advantage by enhancing information sharing (increasingly important in postmodern conditions). The case, though interesting, is not yet made.

"The time has come for a post-modern interpretation of Marx, one that helps explain the limits to his rational humanism" (xiii). Thus, in *Marxism and Workers' Self-Management: The Essential Tension* (Westport, Conn.: Greenwood, 1991), David L. Prychitko invites us to reoccupy some well-trodden ground. It is not entirely clear to me how postmodernism sidles into the act, unless it is conflated with a mild sort of anti-positivism, or perhaps an Austrian-inspired skepticism about some of the more ambitious claims of neoclassical

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Peter Abell is Eric Sosnow Professor of Management and Director of the Interdisciplinary Institute of Management at the London School of Economics, Houghton Street, London WC2A 2AE.

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economics. Be this as it may, Prychitko's more prosaic purpose is to rid us of a one-sided interpretation of Marx (or is it Marxism?) which fails to recognize Marx's "struggle between two opposing forces: the realization of praxis through participation and self-management, and the centralizing demands placed upon the community once the market is largely restricted, if not abolished" (xv).

Once we have, however, located the tension generated by these opposing forces, both in Marx's own writings and in the troubled history of post-Stalinist and pre-1989 Yugoslavia, where does it leave us? Prychitko neatly rehearses arguments which are probably fatal to central planning, so this leaves socialists the option of coupling workers' self-management and markets. Is such an alliance feasible?

The balance of Prychitko's argument is devoted to this question, although his conclusions are remarkably mild and tentative: while "workers' self-management is riddled with problems in a socialist or quasi-socialist system" (xvi), he nevertheless sees "hope for worker managed firms in a relatively unhampered market process" (xvi). But will the cooperative or self-managed firm become dominant? "Probably not." Yet there are reasons to believe that they will continue to grow in importance as we turn from the rationalist spirit of modernity towards a more post industrial world. Because, we are told, "the market system, as it exists in the West, for example, does not (contrary to the claims of its supporters) represent the best of all possible worlds" (120). Putting aside for the moment the remarkably "rationalist" spirit embodied within this disavowal, one wonders what it is about the "post industrial world" which might prove conducive to self-management and, precisely, what it is we have to reach for, in rejecting the rationalism of modernity, in order to habilitate it.

Despite my own sympathies with any attempt to explore the arguments and evidence for and against the labor-managed market economy, I find myself uneasy with lines of argument which purport to break with the canons of rational discourse. However, to be fair to Prychitko, he is not inclined, despite his flirtation with a number of post-something or others, to conceal any of the more wobbly parts of his argument behind them. Indeed, in his pithy dispatch of Branko Horvat's remarkably opaque attempts to reconcile "democratic *ex ante* planning" and "workers self-management," he gives exemplary short shrift to camouflaging vocabulary (83).

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Can a rational case be made for labor self-management in contemporary conditions (be they postmodern or post-industrial—but, I hope, not post-rational)? Certainly, it is far too much to expect that we shall find such a case in Marx, merely by ignoring one side of the unresolved tension in his work. This much Prychitko concedes. So, if Marx is no guide, where should we look? Prychitko takes us back to a reevaluation of the "socialist calculation" debate, to the neoclassical analysis of the labor-managed firm (LMF), to some cooperage cooperatives in Minneapolis (1864–1929), and to the "failure" of the Yugoslavian socially owned and labor-managed economy (1950–1989). Can a case for self-management be salvaged from these diverse sources? And, if so, could this amount to a validation of Marx's defense of praxis and self-realization? Although Prychitko opines that a socialism based upon the humanistic face of Marx must "abolish the commodity mode of production, money exchange and so on" (7), we are mercifully excused a full frontal on these matters. With John Roemer (1994) I venture to suggest that, if we have managed to learn anything at all from the failure of socialist movements in the last half-century, it is that the agenda for the near future cannot rest upon attempts to rapidly change current values and dispense with money and competitive market exchanges. Prychitko's salvage operation, though rooted in a desire to evaluate the claims of the humanistic Marx, is modestly restricted to an assessment of labor self-management in the context of a money driven market economy.

Some might be skeptical about anything positive emerging even from this limited exercise (see, for instance, Arnold 1992). Has not the Yugoslav experiment collapsed around us; have not the neoclassical economists hammered the LMF into oblivion; and did not Hayek, long ago, get the upper hand on Lange? Furthermore, if LMFs have anything about them which gives them a cutting edge, why is it they have not flourished and even displaced conventional firms in the rough and tumble of competitive capitalism? Are there some hidden or even half-visible hands preventing this from happening, or has history done a clean experiment for us, demonstrating the superior characteristics of the capitalist firm? These are the questions I would like to have seen addressed, though, I am afraid, I largely searched in vain in Prychitko's book.

One wonders what can be achieved by revisiting the "socialist calculation debate." Nobody, as far as I am aware, is seeking to reha-

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bilitate an unadulterated Langean model (roughly speaking: LMFs plus labor and consumer goods markets and a planned capital goods market), though Horvat (1982) comes close and can, as late as 1982, be caught writing as follows:

> the labour managed economy achieves exactly what Hayek considered impossible: an alternative form of organisation in which *genuine autonomy* [my emphasis] on the part of the firm is rendered compatible with *ex ante* coordination of economic activities and full *use is made of existing knowledge* while losses due to market failures are avoided. (Quoted in Prychitko, 54).

Perhaps we should be deeply immersed in Horvat; Prychitko, however, thinks not. He appears inclined to the view that Horvat is over sanguine. But if not to Horvat, where can we turn? Prychitko quite rightly observes that the Ward/Domar/Vanek theoretical model of the LMF (a capital hiring, income-per-laborer maximizing firm, surrounded by competitive markets) is largely propelled by neoclassical full information assumptions and, as such, has proved an easy target for the sharp boys on the right. But, he avers, this might be to miss the point—a real LMF's comparative advantage over a real capitalist firm may, indeed, be an informational one. Perhaps it will screw up less in revealing productivity-enhancing information. Perhaps the "post-modern" world is one where we find ever increasing returns to the uncluttering of communication channels, as teams of highly skilled professionals become the major sources of innovation (and dynamic efficiency). Not unreasonable, but by no means certain, conjectures.

However, rather than taking this route, which Prychitko could well have opened up in a systematic way, he launches into a half-hearted attack on neoclassical economics, more broadly positivism, along with a number of allied "isms," and in so doing offers us an "interpretive turn." What this contributes to our understanding is not entirely clear, but it should promote "a discussion of the use and transmission of inarticulate knowledge and unending processes of endogenous change" (72). I would be most interested to see where this might take us, but unfortunately we are provided with nothing more.

Nevertheless, Prychitko's analysis of "Yugoslav-style" socialism might take us a little further. Was the failure of the self-managed

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system in Yugoslavia significantly attributable to information problems? There can be few more important preoccupations for either market socialists or critics of socialism—let alone advocates of LMFs—than to account for the eventual demise of the Yugoslav system after its apparent early success. The system, according to Prychitko, was essentially flawed, resting, as it did, upon an unresolvable struggle between "statism and self-management." Moreover, this was entirely predictable from the "Mises-Hayek" perspective. But if Prychitko's analysis is correct, then it counts against any attempt to graft self-management, even with labor and commodity markets, upon an *ex ante* coordination or planning system that operates through state superintendence of capital investment.

In practice, over the years, planning in Yugoslavia increasingly came to mean a mixture of politically motivated investment decisions, matched by an unconstrained money supply. This had its inevitable consequences, as the authorities printed money to compensate for their mistakes. Ironically, the Yugoslav economy did least well when advancing decentralization led to increased political interventions by regional authorities at the expense of the federal one. The first question we need to ask about Yugoslavia is not whether it demonstrates the incompatibility of some sort of *ex ante* coordination with efficient firms, but whether state ownership of capital with the usufruct in the hands of competitive enterprises is a viable way to organize capital provision. To put it another way, is it the "desire to plan" (which Prychitko attributes to Marx) that leads to political interference (23) or is it residual state ownership itself that precipitates this tendency, even without any planning impulse? Prychitko appears to me to be a little unclear which issue he is addressing. Of course, those of diametrically opposed views on these issues will give you unblinking answers, though I suspect the only honest one is—we don't know.

Are labor-managed firms economically viable? Prychitko offers us a study of cooperage cooperatives in Minneapolis (1864–1929). His interesting story seems to reveal some of what we might term the standard truths about cooperatives—they can survive, they can compete and adapt, but they do tend (not invariably) to revert to the capitalist way of doing things. The problem with historical studies of this sort is that they do not enable us to answer the big questions. Most cooperatives are small and labor-intensive. Accumulated evidence seems to suggest that they are viable, and may

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even be equally productive as capitalist owner-management firms, at this end of things. But what about large-scale enterprises with high capital-labor ratios? Could they be effectively managed by their workers? At the very least, given the historical evidence, we must be highly skeptical. That is bad news for contemporary socialists, most of whom (save the diminishing number of diehards for whom central planning still holds an appeal) seem to think labor self-management (and ownership) is a good thing.

One reason is their belief that self-management is intrinsically good; a second rationale holds that it is instrumental to other good things (at least from a socialist standpoint). As Prychitko documents in his early chapters, Marx seemed (sometimes) to take the former view, finding something worthwhile (e.g., intrinsically de-alienating) in working for yourself as opposed to entering into a wage contract. At other times, however, he flirted (and no more than that) with the principle of self-management as instrumental to extrinsic objectives, notably the elimination of exploitation (as he defined it) and the wresting of power from capital, even viewing it as a harbinger of "equality in production." Much of this got lost, of course, in his disrespect for markets (which seem necessary to the cooperative ideal) and his endorsement of *ex ante* planning. Prychitko's analysis offers us little help, either theoretically or empirically, in sorting out the strengths of these alternative perspectives.

It may be that some contemporary socialists will want to continue espousing the intrinsic virtues (rights!) of labor self-management, and even to accept any costs it might bring, in terms of foregone economic opportunities (if, as seems to be the case, self-managed firms are overly risk-averse). Be this as it may, the socialist avowal of labor self-management also usually has a strong extrinsic component: either the efficient dynamic allocation of resources or equality (of opportunity or outcome), or both. If, as I think we should (see Abell 1989 and Roemer 1993), we equate socialism with the drive to eliminate poverty and create greater equality of opportunity, then we might ask what role labor self-management should play in this program.

Previous generations of socialists who advocated the social (i.e., in practice, the state) ownership of productive capital assets were often confused as to whether the goal was efficiency or equality or both. It is important not to repeat this mistake in respect to labor

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self-management. Putting on one side any intrinsic virtues labor self-management may be deemed to have, are there any arguments about efficiency or equality in its favor and, if so, can they be disentangled?

One way of looking at these issues is to set up a thought experiment. Assume some mechanism could be found for equalizing the distribution of capital in the working population, and assume, further, a universal and high level of education. If these conditions satisfy our criteria of equal opportunity, would a socialist further advocate the establishment of a competitive economy comprising LMFs? First, note that to the degree that we have achieved genuine equality of opportunity, we will have reduced inequalities in outcome caused by competitive markets. Therefore, we are free to answer the question entirely in terms of the dynamic efficiency characteristics of LMFs. We would, presumably, be open to any arrangement on the continuum running from capitalist to labor-managed firms. We have, as it were, sanitized the argument over self-management against contamination by issues of justice and equality.

Accordingly, one can explore Prychitko's argument that in the "post-modern" world, LMFs have efficiency-enhancing informational advantages in isolation from issues of justice. Whether or not these advantages exist is open to debate. Prychitko, however, seems to believe they do, though I searched his book in vain for solid supporting evidence. Perhaps in a postmodern world, where competitive advantage springs from highly motivated teams of professionally trained workers, self-management will prove its worth. If self-management is a way of organizing and motivating production which overcomes the propensity of people to keep useful information to themselves, then perhaps the flaws which neoclassical economists have found in LMFs will be swamped into insignificance. Prychitko appears to believe so; I hope so. The real debate is yet to be joined.

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Ronald Beiner

FOUCAULT'S HYPER-LIBERALISM

In the last years of his life, Michel Foucault sought to address "ethical" questions, having to do with the self's relation to itself, by trying to locate in the Roman Stoics and other philosophers of antiquity what he called "an aesthetics of existence." By this Foucault meant "the idea of a self which has to be created as a work of art." This article aims at a critical dialogue with the texts that compose this last phase of Foucault's thought, probing the moral and political adequacy of Foucault's Nietzschean vision of the self's aesthetic self-creation.

Michel Foucault clearly has enjoyed and continues to enjoy an eager reception as one of the major intellectuals of the left. However, as one reflects on the character of Foucault's political and existential commitments, it might be reasonable to ask whether his "left libertarianism" shares more with the libertarianism of the right than his followers would care to acknowledge. This possibility, at least, might be taken up as a hypothesis for further investigation. In this light, it might not be so surprising that in his lectures of the late 1970s, Foucault appears to have been notably receptive to a range of market-based philosophies, encompassing forms of classical liberalism as well as various contemporary versions of neoliberalism.[1]

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Ronald Beiner is Professor of Political Science, University of Toronto, 100 St. George Street, Toronto, Ontario M5S 1A1, telephone (416) 978–3334, telefax (416) 978–5566.

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Foucault's Libertarian Politics

It is from the perspective of political philosophy that I wish to approach the thought of Michel Foucault. I want to explore what his thought contributes to normative understanding—that is, our understanding of what constitutes a desirable human life, and how society should ideally be constituted in order to facilitate the living of such a life. But several obstacles stand in the way of this undertaking. The first is that there is much in Foucault's body of work that simply escapes my understanding. Whether this attests to my limitations as a reader or to shortcomings in Foucault's ability to communicate his ideas may be left to others to judge. A more serious obstacle is presented by Foucault's own strong reluctance to acknowledge that there *is* a vision to which he is committed. Thus in much of his work he hides, so to speak, behind the façade of a normatively detached historiography (albeit a sensationally maverick one). Yet it is inconceivable that Foucault would have attracted the enormous following that he has by offering simply, as it were, a "value-free" historiography. [2]

The hope may be entertained that some practitioner of the "sociology of knowledge" will one day have an interesting story to tell about why the work of Michel Foucault generated such wide enthusiasm among certain intellectual elites for several decades in the latter half of the twentieth century. One or two hypotheses of my own may be hazarded. What is interesting about Foucault's unique rhetoric is that he steadfastly resists pronouncing explicit moral-political judgments, yet of course he is judging *all the time*. Foucault refuses to come clean on his normative commitments, but rather "insinuates" them throughout his work. This constitutes a kind of radical-left positivism that is somehow potently attractive to what I will call the hyper-liberal ethos of late modernity. The idea here is that one must avoid at all costs spelling out a normative vision, since it would ineluctably become the ground for a repressive regime of "normalization." This is clearly connected to the negativism one associates with postmodern writers. The postmodernist claim is that we now inhabit an age in which all the grand metanarratives of the past have discredited themselves; hence we are left with only "deconstruction," only "genealogy." But, of course, the

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notion that we live in an epoch devoid of metanarratives is *itself* a metanarrative, and implies, willy-nilly, a normative vision.

Given these difficulties, one should perhaps try teasing out Foucault's normative commitments by indirect means. Since Foucault is generally considered the leading Nietzschean of our time, and since he commonly presents himself as such, it might be helpful to define Foucault's normative vision against the background of Nietzsche's. In fact, however much it may serve their rhetorical purposes for Foucault's followers to interpret him—or for Foucault to interpret himself—as the preeminent successor to the philosophical legacy of Nietzsche, it should scarcely require an elaborate demonstration to show that Nietzsche would have had absolutely zero sympathy for Foucault's political concerns. It suffices to recall Nietzsche's unremitting hostility to anarchism as a political doctrine (as expressed, for instance, in *Gay Science*, §370; *Genealogy of Morals*, 2nd Essay, section 11; and *Twilight of the Idols*, "Skirmishes," §34). Consider the end of the penultimate chapter of *Discipline and Punish*, where Foucault traces a Fourierist tradition of anti-penal polemic. He concludes the chapter by noting that this Fourierist tradition was kept alive "when, in the second half of the nineteenth century, taking the penal apparatus as their point of attack, the anarchists posed the political problem of delinquency; when they thought to recognize in it the most militant rejection of the law; when they tried not so much to heroize the revolt of the delinquents as to disentangle delinquency from the bourgeois legality and illegality that had colonized it" (Foucault 1979, 292).[3] I don't think any reader of the book can fail to see this historical reference as a device by which Foucault declares his own political intentions; nor fail to see it as expressing Foucault's self-conception as the legatee of this political tradition. For Nietzsche, by contrast, anarchism in general is regarded as a form of Christian-inspired pathology.

One useful way of measuring the enormous distance between the respective political philosophies of Nietzsche and Foucault is to consider Foucault's indictment, in the "Docile Bodies" chapter of *Discipline and Punish,* of the Napoleonic regime, which Foucault conceives as the very paradigm of disciplinary politics (Foucault 1979, 140–41, 146, 169; see also 187, 216, 217). In fact, Foucault criticizes Nietzsche's hero, Napoleon, for the very reason that Nietzsche adores him. In order to appreciate why Napoleon is consistently celebrated throughout Nietzsche's work, one should consult the

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end of *Beyond Good and Evil*, § 208. There Nietzsche states with perfect clarity what he sees to be the fundamental political alternatives: *Kleinstaaterei* versus *große Politik*—petty politics versus *grand* politics. What Nietzsche sees as *Kleinstaaterei*, as an intolerable splintering of political will, Foucault sees as a pervasive network of micro-nodes of power. Admittedly, this cannot be undone by some global act of macro-liberation; rather, it must be met by a matching infinity of micro-resistance, the never-ending assertions of popular power directed against the normalizing power of the disciplinary society.[4] This should lead us to a more general grasp of the anti-Nietzschean thrust of Foucault's intention. Underlying all the analyses in Foucault's work is the thesis that while post-Enlightenment humanism *appears* to liberate, to liberalize, to loosen up laws and coercive constraints, in fact, through greater scientific control and surveillance, it turns the screws all the more.[5] This is the precise reverse of Nietzsche's view, which is that the Enlightenment humanism of the nineteenth century *really is* softer, laxer, more tolerant, etc., and that it must be condemned for this reason! In all these respects, Foucault's power philosophy directly inverts Nietzsche's theoretical ideal.

In trying to classify Foucault's normative vision, one is easily tempted to subsume it under the rubric of traditional anarchism.[6] But on reflection, this temptation must be resisted, for the classical anarchist conception is of the state as a concentration of political evil—so that abolition of the state suffices to secure a general liberation. Foucault consistently rejects such liberationist idealism. Presumably, he would view anarchist liberation from the state as just as much a naive delusion as the Marxist ideal of liberation from the centralized power of capital. Because power is not housed in a singular control center, but is, rather, ubiquitously exercised across the whole social landscape, there is no prospect of a once-and-for-all liberation; instead, one must wage a ceaseless resistance against power wherever it asserts itself (which is everywhere).[7] Although not anarchist, this is, clearly, a libertarian vision, and, in common with any other normative vision, one must probe its claims to validity and the basis of its philosophical appeal (notwithstanding Foucault's own disinclination to submit his thought to this sort of testing).

It would have been impossible for Foucault to have had the cultural impact that he has had if there were not expressed in his

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thought and in his work a certain truth that speaks to our situation. And indeed there is: captured in his work is a true insight into the massive normalizing pressures of modern life.[8] These are to be seen not only in the way we are all regimented by the routines of the modern economy and of the bureaucratic organization of contemporary social life, but, above all, in the readiness with which people place the direction of their lives in the hands of technicians of everyday existence—psychotherapists, social workers, sexologists, and so on—who thereby function as all-powerful guardians of normality. But Foucault radicalizes this true insight to an extreme whereby it becomes something utterly false, namely the conception that *all* norms of social life are agencies of "normalization." To put this in a formula, Foucault is of the view that any normativity whatsoever is a mode of normalization, in his sense. It is for this reason that his genuine insights into contemporary life become the source of distortion and confusion.[9] One can see this especially in his libertarian stance towards questions of sexual morality.

Libertarian Sex

As a way of approaching my (admittedly very sketchy) account of Foucault's political philosophy, I would suggest that there are basically two types of leftist intellectuals. The first type I will call social goods/social responsibility leftists; the second type, anarchist/libertarian leftists. Writing as someone who thinks of himself as belonging within the first category, I would describe Michel Foucault as the most notable, most influential, and most extreme representative in our time of the second. The easiest way to illustrate this is by looking at some of Foucault's discussions of sexual morality. The texts I have in mind encourage one to think of Foucault as the sort of leftist intellectual whose idea of politics is to be on television with a few of his friends in order to defend pedophilia. And not just to defend pedophilia but to express righteous indignation that there are some people around who think pedophilia needs to be regulated by the criminal justice system (Foucault 1988, 271–85). It seems staggering that a major intellectual like Foucault needs to agonize profoundly over the question of whether rape should be regulated by penal justice (even if, at the end of his agonizing deliberations, he comes to the uncomfortable conclusion that, well, yes,

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maybe one does after all need to regulate this in some fashion or other). The basic notion lying behind these ideas can be expressed in the following universal formula: law = repression; decriminalization = freedom.

This conception receives its clearest expression in an exchange between Foucault and some friends in the discussion entitled "Confinement, Psychiatry, Prison" (Foucault 1988, 201). The exchange begins with Foucault prodding his interlocutors to accept (which they do eventually, albeit reluctantly) the proposition that rape, insofar as it is a matter for penal justice, has nothing whatever to do with sexuality. The crucial lines are actually spoken not by Foucault but by two of his interlocutors:

> MARINE ZECCA. I can't place myself on the legislative level. Or on that of "punishment"—that's what bothers me.
> JEAN-PIERRE FAYE. From the point of view of women's liberation, one is on the "anti-rape" side. And from the point of view of anti-repression, it's the opposite. Is that right?

Foucault does not challenge these statements, either immediately or later in the dialogue. He opts instead to challenge the intuitions felt by the women present that rape has to be put in some special category, distinct from other varieties of assault.[10] It seems obvious to me that the reason Foucault lets pass without comment the statements I have quoted is that they express perfectly his own views. But in fact these statements imply an absolutely outrageous way of thinking about the question of rape: as if there were an obligation to protect the rapist against "repression" that needs to be considered roughly on a par with, and weighed up carefully against, society's obligation to protect women against rape! Moreover, I must say that I find it shocking that a legal reform commission in France would feel impelled to consult Foucault on these matters (Foucault 1988, 200). This is roughly equivalent to a tax reform commission in the U.S. consulting Robert Nozick on the question of how to establish a fairer tax system. Let me just point out, finally, that when Foucault reports the "very radical" positions embraced by a magistrate with whom he had discussed these issues, the term "radical" means minimal, or zero, regulation by the penal justice system (Foucault 1988, 205).

For Foucault, a social order as such is synonymous with sexual

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repression. This is why he is so critical of the idea that we might think of ourselves as sexually more liberated, relative to other, earlier epochs that we think of as more sexually repressed. It also explains why he is critical of Wilhelm Reich, who holds out the mere possibility of sexual emancipation (Foucault 1980a, 131). From Foucault's point of view, a society that condemns pedophilia is still an essentially repressive society, no freer or more emancipated in essence than any other society. (It is interesting that these critical standards with respect to sexual repressiveness do not loom large in his assessment of Khomeini's Iran—presumably because Foucault regards Iran as a "revolutionary" society, and therefore as deserving of greater interpretive charity [Foucault 1988, 211–24]).

Aesthetics of Existence

We turn now to the main purpose of this essay, which is to examine certain late texts and interviews by Foucault that, although they may appear to impart a new direction to his thought, in fact bring a, so to speak, new explicitness or overtness to tendencies of thought that are actually pervasive throughout his work. In the preceding section I emphasized issues of sexual morality because they help to put in perspective Foucault's turn, in the last few years of his life, to problems of the subject's self-relationship, which strikes many readers as out of character with, indeed diametrically opposed to, the themes of his early and middle work. But if I have been right in attributing to Foucault a thoroughgoing libertarian impulse that is basic to his way of thinking, then this "turn" is in no way anomalous, but on the contrary, is of a piece with, and actually represents a logical extension of, the general direction of his thought prior to the books on sexuality. Although, as we saw earlier, Foucault repudiates the anarchist faith that liberation awaits us beyond the state, he *is* an anarchist (indeed, a "leftist" anarchist—assuming that this notion makes any sense) in the crucial sense that he shares the fundamental anarchist conviction that society constitutes a conspiracy to stifle one's own longings for self-expression. This explains why Foucault is thoroughly skeptical of any global conception of social reform or social transformation: for him, this would necessarily represent merely another vehicle for society's conspiracy against his efforts at self-expression. So we see that Fou-

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cault's final books and interviews, far from marking a radical break from his preceding work, are really entirely consistent with the general thrust of his thinking *throughout* his work.

In an interview entitled "The Minimal Self," Foucault's interviewer asks him what Jean Beaufret had asked Heidegger: namely, whether his philosophy yields an ethics. Foucault's answer merits close attention:

> If you mean by ethics a code which would tell us how to act, then of course *The History of Sexuality* is not an ethics. But if by ethics you mean the relationship you have to yourself when you act, then I would say that it intends to be an ethics, or at least to show what could be an ethics of sexual behavior. It would be one which would not be dominated by the problem of the deep truth of the reality of our sex life. The relationship that I think we need to have with ourselves when we have sex is an ethics of pleasure, of intensification of pleasure. (Foucault 1988, 14–15)[11]

Now we cannot read this answer without asking ourselves what exactly Foucault means by "ethics" in this context. One traditional alternative would be to say that ethics relates to how individuals conduct themselves in relation to *others*, and seeks for normative standards that may be applied to these questions. Clearly, Foucault is insistent on wanting to subvert both aspects of this traditional definition: no normative standards, and no reference to relations to others. What, then, qualifies this as "ethics"? Foucault's answer: it relates to the self-relationship of the individual, and in particular, to the individual's concern with *intensifying* his/her own pleasures. To say that this way of delimiting the ethical is rather idiosyncratic would be an understatement of monumental proportions.

Foucault's purpose in turning to the "ethical" concerns of his last two books is not to provide a fuller, richer, deeper account of the moral self, but rather, just the opposite: to encourage people to invent new forms of self-relationship by showing that there are no constraints on possibilities of self-invention. This comes out clearly in another statement in the same interview: "people still consider, and are invited to consider, that sexual desire is able to reveal what is their deep identity" (Foucault 1988, 11).[12] This is what Foucault rejects. His alternative is: living on the surface. We renounce the idea of any "deep identity." Sexuality therefore is to be thought of as a play of possibilities lying on this surface; it doesn't give access

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to a deep identity. Hence the fundamental intention governing the Foucaultian ethics is not the idea of making ourselves more sensitive to the demands of social life by displaying the depth of sexual experience, but rather, that of liberating us to explore a wider range of possible ways of intensifying pleasure by exhibiting the superficiality of sex (cf. Taylor 1991a, 238–39).

Further light is shed on this whole problem of the definition of ethics in another of the interviews. In "The Return of Morality," Foucault states that what one finds in Plato, Aristotle, and the early Stoics is a *unity* of "conceptions of truth, politics, and private life": metaphysics, political theory, and moral reflection are inseparable (Foucault 1988, 245–46). What happens with mature Stoicism and with what one might call pre-Christian moral consciousness (Seneca, Marcus Aurelius) is that political theory drops away, because its cultural context, the polis, no longer existed; and metaphysics, as well, becomes less salient.[13] What one is left with is "moral" life as a quasi-autonomous realm of private conduct (which is what the Stoics associate with the realm of philosophy). Although he never comes out and says so in *The History of Sexuality*, it is this aspect of Stoic thought that accounts for Foucault's greater sympathy for the Roman Stoics relative to the Greeks (which I think is perceptible in comparing Volume 3 to Volume 2, though one wishes Foucault were much more up front about this). Hence the statement: "I would not entirely agree . . . that the morality of antiquity was, throughout its history, a morality of the attention to the self; rather, it became a morality of the self at a certain moment" (Foucault 1988, 247). That is to say, Plato and Aristotle could not conceive morality as oriented strictly to the self, because for them moral life and political life are inseparable. It is only with the Stoics that moral reflection gets thoroughly depoliticized, and it is for this reason that it is precisely the Stoics who come so much closer to what *Foucault* understands by "morality."

The liberation of the self from the polis constitutes one side of the potential liberation that concerns Foucault; the other side lies in a liberation from metaphysics—for instance, liberation from what Kant conceived as "the metaphysics of morals." Traditional moral philosophy had grounded its moral vision on a definite conception of the moral subject, and it is the contemporary disintegration of the latter that clears the way to the open vistas to which Foucault

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beckons us: "a moral experience essentially centered on the subject no longer seems satisfactory to me today. Because of this, certain questions pose themselves to us in the same terms as they were posed in antiquity," i.e., not in Plato and Aristotle, but in the Stoics as Foucault presents them (Foucault 1988, 253). The "moral subject," as, say, Kant conceived it, no longer exists. In its place, we have a "self" that isn't given, but must be sought after, invented, experimented with, and "constituted" by various contingent, revisable, malleable practices of "self-crafting." The self is the canvas upon which we explore various possibilities of artistic self-invention. At any point we can wipe the canvas clean and start again. This yields the outcome that the whole of morality is reduced to a single moral injunction, namely: Let a thousand flowers bloom! "The search for styles of existence as different from each other as possible seems to me to be one of the points on which particular groups in the past may have inaugurated searches we are engaged in today. The search for a form of morality acceptable to everybody in the sense that everyone should submit to it, strikes me as catastrophic" (Foucault 1988, 253–54).

Foucault says explicitly that his interest in the history of sexuality is directly tied to a moral and cultural crisis that we are experiencing in the present. This link between past and present comes out in the passage just quoted. The crisis offers a unique opportunity: rightly conceived, it can be resolved in the direction of greater self-determination, new possibilities of personal liberation: "If I was interested in Antiquity it was because, for a whole series of reasons, the idea of a morality as obedience to a code of rules is now disappearing, has already disappeared. And to this absence of morality corresponds, must correspond, the search for an aesthetics of existence" (Foucault 1988, 49). Already, Foucault points out, there are signs that things are moving in the direction he favors. According to Foucault, there has been in recent years a profound change for the better, insofar as people have been left to make up their own minds, to choose . . . their own existence" (Foucault 1988, 50). Foucault's interviewer immediately proceeds to recall Foucault's seminars on Hayek and von Mises, reflecting that "liberalism . . . seemed to be a detour in order to rediscover the individual beyond the mechanisms of power" (in Foucault 1988, 50).[14]

We seem to be left with two extreme alternatives—either subjectless power, or pure, unconstrained self-direction. These are both

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unrealistic alternatives, but because Foucault conjures up in such a stark way the first extreme, he also offers the danger of lurching into its equally farfetched opposite.

Even if one entirely accepts Foucault's thesis that the Stoics discussed in *The Care of the Self* introduced a conception of moral existence as a praxis of "intensified," quasi-aesthetic self-crafting—and here I must point out that one has reason to be skeptical when one considers that it was precisely the Stoics, and not Plato and Aristotle, who were the originators of the natural law idea within the Western moral tradition, that is, the notion of the natural cosmos as the source not only of rational *norms*, but of *commands* of reason, comparable to the Judeo-Christian idea of the juridical commands of a Divine Legislator—putting these caveats aside, even if one accepts in its entirety the Foucaultian thesis concerning Stoic morality, one nonetheless cannot fail to observe that Foucault absolutely rejects the *content* of the Stoic teaching (one might say, rather, that he turns this teaching on its head). For after all, what defines the core of the Stoic teaching is the idea of a resolute mastery of the passions in order to liberate oneself from subservience to the contingencies of life, and from dependence upon what exceeds one's powers of control. *Self*-control means restricting one's concerns to that which one *can* control, whereas desire renders one dependent on that which one cannot control. This doctrine not only extends the Socratic-Platonic moral tradition, but in fact *radicalizes* it. Needless to say, there is nothing of this in Foucault; on the contrary, his primary "moral" preoccupation is not mastery of the passions but the very opposite of the classical doctrine of *sophrosyne:* namely, *the intensification of pleasures*.[15] Of course, Foucault is perfectly aware that Stoicism represents a radicalization of Platonic morality; he wants to appropriate the Stoic absorption in the self while jettisoning the content of Stoic morality. In order to fathom the profound paradoxicality of Foucault's "appeal" to the Stoic invention of a *techne* of the self, I think that one needs to focus on the passage quoted above—"The relationship that I think we need to have with ourselves when we have sex is an ethics of pleasure, of intensification of pleasure"—and then read the two long passages from Plato, one from the *Gorgias* and the other from the *Republic*, that Foucault uses to offer his initial explication of the idea of an art of the self, both of which celebrate the ideal of temperance and demand triumph over sexual frenzy (Foucault 1988, 15; Foucault

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1985, 90–91). It is a mark of the ingenious audacity of Foucault that when he should be writing a book about the Marquis de Sade, he instead writes a book about the Stoics![16]

Here, a clarification is in order. I don't want to suggest that Foucault restricts his idea of an "aesthetics of existence" to the Stoics. Rather, I think he intends it to be a general category embracing *all* pagan, pre-Christian moral experience. Thus, in the section of *The Use of Pleasure* that introduces the term, Foucault cites not only Plato's *Gorgias* and Plato's *Republic*, but Xenophon's *Cyropaedia*; and in a corresponding passage in *The Care of the Self*, he cites Plato's *Alcibiades* and *Apology* (Foucault 1985, 89–93; Foucault 1986, 44). So the *techne* of the self is certainly not an exclusively Stoic innovation; rather, as Foucault puts it in a crucial discussion in *The Care of the Self*, what the Stoics achieved in relation to earlier classical morality was "an intensification of the relation to oneself"; "the relations of oneself to oneself were intensified" (Foucault 1986, 41, 43). Sexual austerity as demanded by the Stoics was, Foucault points out, not necessarily more *rigourous* than earlier Greek moralities; what distinguishes the Stoic experience is its greater "*intensity*"—that is, intensity of concern with the self as an object of self-fashioning (Foucault 1986, 40–41). Nor do the Stoics represent the last instance of this cultural conception. In his first reference to an "aesthetics of existence," Foucault refers to the Renaissance as conceived by Burckhardt, and to Baudelaire (Foucault 1985, 10-12; cf. Rabinow 1984, 362, 370). I think one could generalize Foucault's thesis by saying that it is in epochs of ground-shaking moral-political crisis (Hellenism, the triumph of the Roman Empire over the Roman republic, Italy during the Renaissance, nineteenth-century Europe) that the individual assumes with much greater "intensity" the burden of self-constitution. As Foucault puts it in *The Care of the Self*: "The importance given to the problem of 'oneself,' the development of the cultivation of the self in the course of the Hellenistic period, and the apogee it experienced at the beginning of the Empire" cannot be construed merely as a function of "individualistic withdrawal."

> We need instead to think in terms of a crisis of the subject, or rather a crisis of subjectivation—that is, in terms of a difficulty in the manner in which the individual could form himself as the ethical subject of his actions, and efforts to find in devotion to self that which could

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> enable him to submit to rules and give a purpose to his existence. (Foucault 1986, 95)

Without a doubt, Foucault conceives the present as a time of moral crisis in just this sense, and it is this commonality between the crisis of the present and the crises of past epochs that gives to these great precedents—Roman Stoicism, the Burckhardtian Renaissance, Baudelairean dandyism—their real salience for the present.

Let us now turn to Foucault's fullest statement of the view of "ethics" that he formulated shortly before his death, namely his interview with Paul Rabinow and Hebert Dreyfus (April 1983) entitled "On the Genealogy of Ethics: An Overview of Work in Progress" (Rabinow 1984, 340–72). At the beginning of the interview, Foucault states very clearly why he finds ethical Stoicism of such appeal. The reason is that, in his view, Stoicism is not an "ethics" at all; or rather, with the Stoics, ethics comes to be "aestheticized."

> The principal aim, the principal target of this kind of ethics was an aesthetic one. . . . This kind of ethics was only a problem of personal choice . . . it was not a question of giving a pattern of behavior for everybody. It was a personal choice for a small elite. The reason for making this choice was the will to live a beautiful life, and to leave to others memories of a beautiful existence. (Rabinow 1984, 341)

Foucault characterizes two aspects of this aestheticized ethics that appeal to him: 1) there was no "normalization" involved (that is, no demand that people conform to a pre-conceived norm); 2) it did not impose a universalizing morality, but simply addressed itself to a small group of individuals seeking to perfect themselves. Leaving aside the strangeness of this characterization of Stoicism, let us concentrate on what this aestheticized Stoicism means for Foucault. The brilliance of the Stoics as Foucault understands them is that they adhere to an extremely restrictive and austere sexual morality *without* imposing it as a universal normative framework in the way that Western moralities are typically cast: as an effort to "normalize" people, and as the imposition of a universal moral code. Rather (as he presents it), it was offered as the means for the exploration of styles of life for a particular class of individuals.

Once again, Foucault draws a connection between our present post-Christian attitudes and the ancient pre-Christian situation. We

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have worked our way back to the aestheticized ethics discovered by the ancients "since most of us no longer believe that ethics is founded in religion, nor do we want a legal system to intervene in our moral, personal, private life" (Rabinow 1984, 343). Yet, Foucault points out, contemporary liberation movements feel themselves to be in need of an ethics, so we are obliged to go in search of new models of ethical reflection.

Again, Foucault emphasizes that ethics in late antiquity becomes more attractive, relative to what it was in Plato and Aristotle, owing to the depoliticization of Hellenistic ethical life:

> A Greek citizen of the fifth or fourth century would have felt that his *techne* for life was to take care of the city, of his companions. But for Seneca, for instance, the problem is to take care of himself. With Plato's *Alcibiades*, it's very clear: you have to take care of yourself because you have to rule the city. But taking care of yourself for its own sake starts with the Epicureans. (Rabinow 1984, 348)

Thus, "one of the main evolutions in ancient culture has been that this *techne tou biou* [art of knowing how to live] became more and more a *techne* of the self" (ibid.). Why does the latter represent an improvement? Foucault explains very clearly that the advantages of the Hellenistic and post-Hellenistic conception consist in its having insulated individuals against the normalizing structures of social life:

> Everybody has to take care of himself. Greek ethics is centered on a problem of personal choice, of aesthetics of existence. The idea of the *bios* as a material for an aesthetic piece of art is something which fascinates me. The idea also that ethics can be a very strong structure of existence, without any relation with the juridical per se, with an authoritarian system, with a disciplinary structure. All that is very interesting. (ibid.)

What matters to Foucault is not whether we opt for a morality of sexual austerity or a morality with an exactly opposite content; what matters is, one might say, the cultural motivation that impels one towards one morality or the other. The Greeks embraced the ideal of sexual austerity, Foucault contends,

> in order to give to their life much more intensity, much more beauty. In a way it's the same in the twentieth century when people,

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> in order to get a more beautiful life, tried to get rid of all the sexual repression of their society, of their childhood. Gide in Greece would have been an austere philosopher. (Rabinow 1984, 349)

If we follow the Greek example, we are driven towards the challenge: "Couldn't everyone's life become a work of art?" (Rabinow 1984, 350).

Here Foucault's interviewers raise some very pertinent questions, and Foucault's answers are extremely illuminating. Rabinow/Dreyfus point out that the notion of submitting all the details of life (how one eats breakfast, how one has sex) to an art of self-perfection is actually a Californian project. Foucault replies that the problem is that people in California think that there is a truth about these things that they are capable of apprehending. Rabinow/Dreyfus then ask whether, if one is obliged to create oneself "without recourse to knowledge or universal rules," this is different from Sartrean existentialism (Rabinow 1984, 350–51)? In answer, Foucault notes that of course Sartre *wants* to break with the idea of the self as something given. But in the end Sartre cannot help coming back to the idea of a true self: a relation to the self that is judged to be authentic or inauthentic. The problem with Sartre is not his existentialism, but his failure to uphold it with utter consistency. The superiority of Foucault's conception of "creating ourselves as a work of art" is that, unlike Sartre, it avoids lapsing back into an ideal of the true self. That is, it perseveres in the idea of creating oneself *all the way down* (or to use Rorty's notion: the idea of *pure* contingency).[17] Sartre's problem is that he is an inconsistent existentialist. Rabinow/Dreyfus mention Nietzsche, and Foucault enthusiastically agrees that his view "is much closer to Nietzsche's than to Sartre's" (Rabinow 1984, 351).[18] In short, Foucault's ideal is Sartrean existentialism *minus the appeal to authenticity*. Only Nietzsche had the courage to descend into the abyss of the self without hoping to land eventually on some kind of bedrock—and if Foucault had read certain passages in Nietzsche (for instance, *Beyond Good and Evil*, §230), he might well have concluded that even Nietzsche occasionally loses his nerve.

The same issue comes up again later in the interview, and again Rabinow and Dreyfus pose the right questions. Foucault repeats his analysis, offered elsewhere, that Christian morality and the morality of antiquity actually share a commitment to asceticism, or sexual

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austerity. Therefore, what distinguishes the two moral visions is not their *content*, but, you might say, the existential context into which this shared content is inserted. In antiquity, in sharp contrast to subsequent Christian practice, the austerity applied to the self "is not imposed on the individual by means of civil law or religious obligation, but is a choice about existence made by the individual. People decide for themselves" (Rabinow 1984, 361). It is—like an individual freely choosing to enter the monastic life as a choice of (to use the ugly word we use today) "lifestyle"—a self-chosen discipline.

Foucault then begins a crucial exchange with the (quite implausible) claim that "we have hardly any remnant of the idea in our society, that the principal work of art which one must take care of, the main area to which one must apply aesthetic values, is oneself, one's life, one's existence. We find this in the Renaissance, but in a slightly academic form, and yet again in nineteenth-century dandyism, but those were the only episodes" (Rabinow 1984, 362). Dreyfus and Rabinow rightly object: "But isn't the Greek concern with the self just an early version of our self-absorption, which many consider a central problem in our society?" (ibid.).[19]

This restates the earlier challenge, and Foucault responds by restating his earlier answer: the problem with the contemporary "culture of the self" is that it is not radical enough. It still presupposes a residual "true self," like Sartre's ideal of authenticity, which one is obliged to seek to approximate. But a "true self" is incompatible with the ideal of a self waiting to be fashioned as a work of art. Therefore, Foucault concludes that his model, the "ancient culture of the self," is not identical to "the Californian cult of the self" (as Rabinow/Dreyfus imply) but is, indeed, diametrically opposed to it (Rabinow 1984, 362). What this means, surely, is not that the Foucaultian conception is less subjectivist than the Californian ideal; what it means is that the latter is *less radically* subjectivist than the former. What concerns Rabinow and Dreyfus is the echo of narcissism they detect in Foucault's vision of the self as a work of art. In response, Foucault complains that Californian narcissism goes wrong precisely in its appeal to authenticity. I don't see how one could draw any other conclusion from this exchange than that Foucault's ultimate view is that the "care of the self" equals narcissism minus truth.

Let me now pose a couple of questions of my own. It seems to me that the intellectual adequacy of the Foucaultian view of aes-

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thetic self-creation depends a great deal on whether it permits standards of judgment by which to appraise the artistic results of people's self-craftsmanship as either impressive or banal, stunningly vivid or stupefyingly mundane, more meaningful/less meaningful, more compelling/less compelling, and so on. Otherwise, it is hard to see how these merely aesthetic performances retain their hold upon our moral interest—that is, our interest in wanting to decide how (according to what content) we should live; indeed, it is mysterious how they even retain the interest of those who enact them. But I don't see how Foucault (or any other postmodernist) can allow us to ask just those questions that we need to ask if moral life (i.e., the life of ordinary *praxis* and of choosing how to live) is not to become a gigantic bore. If the question of content is irrelevant, and if it counts equally as an existential work of art if we opt for a monkish life rather than the life of a sexual libertine, or vice versa, how is it that moral existence as unconstrained choice is not reduced to the indifferent toss of a coin? If the existential artist maintains his/her artistic freedom by exercising the prerogative to splash a dollup of paint on the canvas without reference to independent standards of truth, beauty, or perfection, has not art become a meaningless play of whim? These questions are implicit in Rabinow and Dreyfus's challenge, but Foucault fails to see that there is any problem here, and he remains determined to carry his Nietzschean voluntarism to the furthest extremity without flinching. What a paradoxical outcome for a mode of thought whose original motivation was to debunk the idea of the autonomous subject!

Volume 1 of Foucault's *History of Sexuality* bears a Nietzschean title (*La volonté de savoir*); more surprisingly, the third volume bears a *Platonic* title (*Le souci de soi*). It is striking that the very last book published by Foucault should carry a title drawn from Plato.[20] I want to devote the last section of this essay to a closer examination of this curious fact. The Platonic text to which the title of Foucault's book directs us is a dialogue entitled *Alcibiades I* (127d-e), and in the Rabinow and Dreyfus interview, Foucault makes the claim that *The History of Sexuality* offers a reading of the dialogue: "*Le Souci de soi* . . . is composed of different papers about the self—for instance, a commentary on Plato's *Alcibiades*" (Rabinow 1984, 342). But when one actually turns to Volume 3 of *The History of Sexuality*, one sees in fact that Foucault provides no trace of a sub-

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stantive account of what distinguishes his approach to the dialogue. There is precisely one direct citation of the *Alcibiades* in the book, where Foucault reports the Socratic view that one should put one's own soul in order before presuming to rule the city and manage its affairs; Foucault makes the fairly obvious observation that Socrates has in mind a practice of caring for oneself that goes well beyond what the Spartans took this to mean: physical and military training (Foucault 1986, 44). As well, there is a citation on the next page from a later Platonist to the effect that the way to be initiated into the philosophic life is by reading the *Alcibiades* (Foucault 1986, 45).[21] *C'est tout.*

The reader who doesn't yield to Foucault's authority may be tempted to ask not only why it is that Foucault *doesn't* provide the reading he says he offers, but whether, in fact, he *can* provide one, given the constraints of his basic intellectual commitments. For of course the dialogue itself embodies a Platonic commitment to giving a particular *content* to the "care of the self," which is what Foucault forcefully repudiates.[22] For Plato, the priority of the life of philosophy over the Alcibiadean lust for rule presumes that "caring for the self" in *his* sense possesses an independent dignity and status that cannot be assured by the postmodern artist's impulse to splash any paint upon the canvas that he/she chooses. The great mystery one encounters in reading postmodern authors is why they all seem to think that the greatest threat in the modern world is having to adapt to pregiven norms. It seems to me that a much greater threat is the prospect that what it means to opt for one way of life rather than another is so trivialized that it becomes impossible to see why one should exert the effort to make these choices at all.

To close, I want, finally, to recall Jürgen Habermas's neat encapsulation of the impression that Foucault made upon him, as a theorist and as a human being. Habermas writes that what characterizes Foucault is "the tension, which resists easy categorization, between the almost serene scientific reserve of the scholar striving for objectivity on the one hand, and, on the other, the political vitality of the vulnerable, subjectively excitable, morally sensitive intellectual" (Hoy 1986, 103). Although one can detect a note of sympathy in this statement, what immediately came to my mind when I read it was the famous phrase at the end of *The Protestant Ethic and the Spirit of Capitalism*: "specialists without spirit, sensualists without heart." Whether Habermas intended to bring to mind this Weber-

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ian image, I cannot say. But it captures beautifully what seems to me amiss in Foucault's theoretical universe. What Weber, of course, had in mind is that the pressures of late modernity would cause human beings to be bifurcated into two distinct types: spiritless specialists and heartless sensualists. What he could not have anticipated is that a paradoxical soul like Michel Foucault could combine within itself *both* of these types, and, moreover, that such a figure could turn out to be one of the most influential intellectuals of the late twentieth century.[23]

NOTES

1. See, for instance, Foucault 1981a. For a very thorough account of Foucault's complex stance towards liberalism in his lectures of the late 1970s, see Gordon 1991, 1–51, esp. 1–8 and 41–48.
2. Gordon (1991, 6) in fact sees something deliberately Weberian in Foucault's "serene and . . . exemplary abstention from value judgments." Gordon is referring specifically to Foucault's lectures on governmentality of 1978 and 1979; but he concedes that elsewhere in his work, "Foucault's Nietzschean affiliations" often lead readers to hear an "implicit pejorative sarcasm."
3. Cf. the preceding discussion of the Fourierists: Foucault 1979, 288–92.
4. See, especially, Foucault 1979, 209–308 (chapter on "The Carceral").
5. For a good example of this mode of analysis, see Foucault 1980a, 40–41.
6. For a fairly clear statement of Foucault's antipathy towards the modern state, see Foucault 1981b, 235, 239, 242–254. As Foucault declares at the conclusion of his second Tanner Lecture, his study of governmentality is motivated by a concern for liberation from political rationality (i.e., rationality exercised on behalf of the power of the state), and therefore his aim is to attack political rationality at its very roots.
7. Foucault himself once offered the following encapsulation of this aspect of his politics: "my position leads not to apathy but to a hyper- and pessimistic activism" (Rabinow 1984, 343). What is so tantalizing about this formulation is the implied distinction, which is left unspecified, between "activism" and "hyperactivism." Why doesn't activism that isn't so qualified suffice, and what constitutes its character as "hyper"? I believe that questions of this sort prompted Michael Walzer to relegate Foucault's politics to the category of "infantile leftism" (Hoy 1986, 51).
8. To be sure, this isn't a conception of contemporary society that is unique to Foucault. Compare, for instance, Adorno 1981, 34: "the open-air prison which the world is becoming."
9. Cf. Lawrence Stone, in Burke 1992, 67: "Since man is a social animal, and since all of social life involves some form of influence, molding, direction,

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or compulsion, the reduction of all social relationships to issues of power renders it almost impossible to make the fine intellectual, moral, and material distinctions necessary for any serious evaluation of change in history."

10. I think it is only fair to acknowledge that many feminists have argued in a similar direction for various reasons. The point that concerns me here is what I take to be Foucault's underlying motive in pursuing this line, namely: that all sexual activities, *qua* sexual activities, are in themselves legitimate forms of self-expression, and therefore deserve to be absolutely unregulated (and beyond moral approbation or disapprobation). If this is indeed what is driving Foucault to deny that rape is a *sexual* crime, then what is entailed is a more permissive attitude toward, for instance, practices of sexual bondage than would be acceptable to, one hopes, most feminists.
11. Cf. Furbank 1993, 13: "For happiness (only possible if you posit a 'true self') the substitute in Foucault's system is pleasure."
12. Cf. Foucault 1980b, 213: The history of sexuality begins "from the day when it was said to man, 'You shall not merely make yourself pleasure with your sex, you will make yourself truth.'"
13. I myself think Foucault is wrong about this. In someone like Marcus Aurelius, morality is much *more* closely bound up with cosmological and theological views than it is in, say, Aristotle's *Nicomachean Ethics*. Stoic morality *is* metaphysical. But I obviously don't have the space to pursue these issues in this essay.
14. On Foucault's urging Hayek and von Mises upon his students, see Miller, 1993, 310. See also n1 above.
15. See Foucault 1988, 12: "I think that the kind of pleasure I would consider as *the* real pleasure would be so deep, so intense, so overwhelming that I couldn't survive it. . . . There is also the fact that some drugs are really important for me because they are the mediation to those incredibly intense joys that I am looking for. . . . A pleasure must be something incredibly intense." Although he doesn't refer to it in this context, Foucault's fascination with sadomasochism is clearly relevant here. One might say that Foucault's spiritual universe is that of Liliana Cavani's *The Night Porter* or Roman Polanski's *Bitter Moon*, that is to say, a world of erotic extremity achieved through an equilibrium of sexual terror. Accordingly, I would suggest that the reader of Foucault for whom the word "nihilism" never comes to mind is perhaps missing something. For similar intimations of the darker side of Foucault's vision, see Descombes 1987, 20–21; and the references to Foucault in Taylor 1991b, 65–69, and Tully 1994, 232–33.
16. No less paradoxical in the later thought of Foucault is the appeal to Kant and the Kantian idea of Enlightenment (Foucault 1988, 86–95; Rabinow 1984, 32–50); stranger still is his attempt to align Kant with the modernist idea of the dandy as depicted by Baudelaire (Rabinow 1984, 39–42). Admittedly, one isn't quite sure what to make of Foucault's claims, since he himself, in *Power/Knowledge*, characterizes his whole enterprise as a set of "fictions" (Rabinow 1984, 193), a "game" (209), a "fabrication" (212). All one

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can say is that anyone who can present the Stoics as exemplifying an art of aesthetic self-creation geared to the intensification of pleasure is equally capable of construing Kant as a progenitor of Baudelairean dandyism.

17. I would be inclined to reverse Rorty's formula: "the citizens of my liberal utopia would be liberal ironists. . . . [By contrast,] Michel Foucault is an ironist who is unwilling to be a liberal" (Rorty 1989, 61). It is precisely because Foucault is a Rortyan "ironist" that he turns out to be a *hyper*-liberal.
18. The reference here is to the *Gay Science*, §290. For a presentation of Nietzsche that almost compels one to see Nietzsche as the source of many of these conceptions, see Nehamas 1985. Of particular relevance here is Nehamas's citation of Nietzsche's slogan (*The Gay Science*, §299), "We want to be the poets of our life" (Nehamas 1985, 195); cf. *The Gay Science*, §301.
19. A similar challenge is posed by Alasdair MacIntyre: "We have good reason to be suspicious of any contemporary ethics of free choice, according to which each individual makes of her or his life a work of art. For something very like this aestheticization of the moral, which places the choices of each individual at the core of her or his moral life and represents these choices as an expression of that individual's creativity, is characteristic of advanced capitalistic modernity" (MacIntyre 1993, 60).
20. This is by no means the only oddity one encounters in the last phase of Foucault's thought. See n16 above.
21. There is another brief discussion of the dialogue in Martin, Gutman, and Hutton 1988, 23–26, 30–31.
22. As is acknowledged in Foucault 1987, for Plato there can be no care of the self in abstraction from the possibility of self-knowledge. Posed within the terms of Foucault's distinctly un-Platonic formulation: "That is where ethics is linked to the game of truth" (116).
23. I am grateful to Edward Andrew for his critical responses to an earlier draft of this essay. I also want to thank Shadia Drury for inviting me to deliver a version of this essay to a meeting of the Institute of Human Values in Calgary, June, 1994; her own address to the gathering, entitled "The Roots of Postmodern Politics: Bataille and Foucault," sheds important light on some of the problems explored above. Finally, my thanks to Jeffrey Friedman, whose suggestions prompted this revised version.

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Elliot Neaman

MUTINY ON BOARD MODERNITY: HEIDEGGER, SOREL AND OTHER FASCIST INTELLECTUALS

Zeev Sternhell and Hans Sluga show that fascism and Nazism were part of an early twentieth-century intellectual rebellion against universalism, liberalism, and Enlightenment rationalism. Western technology, values, and political institutions were seen as outmoded, but instead of wanting to return to the traditions of the past, as conservatives wished, these intellectuals thought that fascism could transcend modernity. Sorel, Heidegger, and other fascist modernists offered different radical solutions to what was conceived of as the decadence of liberal Western civilization. It remains an open question whether the discontent with modernity is an intellectual construction or a result of actual defects in modern life itself.

Two new books throw much light on the question of the origins of fascist ideology and the intellectual context in which it germinated, grew, and finally blossomed into cultural reality. The Berkeley philosopher Hans Sluga has written a first-rate account of how Germany's leading intellectuals, who were supposed to possess a broad understanding of German politics and societal reality, readily succumbed to the temptations of Nazi ideology. The main subject of Sluga's *Heidegger's Crisis: Philosophy and Politics in Nazi Germany* (Cambridge, Mass.: Harvard University Press, 1993) is one of twen-

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Elliot Neaman, Department of History, University of San Francisco, San Francisco, CA 94117, telephone (415) 666–6411, e-mail neamane@ufsca. edu, thanks the journal's editor, five anonymous reviewers, Warren Breckman, and Eduardo Mendietta for reading earlier versions of this article and offering insightful comments.

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tieth-century Europe's most preeminent philosophers, about whose relationship to the Nazis streams of books have been already written. The originality of Sluga's work is that it shows how current debates about Heidegger's complicity in Nazism fail to take into account the general development of German philosophy from Fichte to Nietzsche.

In a series of brilliant intellectual portraits, Sluga demonstrates that German philosophers, starting around the turn of the twentieth century, were shaken by the challenges to their profession posed by societal changes and the rise of the natural sciences. In response, these philosophers sought to construct a uniquely "German" basis for philosophy, distinct from the materialism and utilitarianism they attributed to French, British and American thought. Sluga relates these "crises" to a split in philosophy between radicals and conservatives; both camps, in different ways, helped set the stage for the rise of National Socialism.

Like Sluga's book, Zeev Sternhell's *The Birth of Fascist Ideology: From Cultural Rebellion to Political Revolution* (Princeton: Princeton University Press, 1994) places fascism in the context of a broader reaction against the Enlightenment, rationalism, and the belief in progress. Where Sluga argues for the complicity of a wide range of German intellectuals in the fascist alternative to bourgeois society, Sternhell outlines a comparable development among important French and Italian sociologists, philosophers, and economists. As in his other books, he convincingly demonstrates that important strains of facist ideology are present in the antimaterialistic reformulations of Marxism to be found in Georges Sorel, Edouard Berth, Arturo Labriola, Hubert Lagardelle, Enrico Leone, and other Italian and French theorists of radical syndicalism. In Sternhell's view, fascism can be seen as a movement that "corrected" Marx's economic critique of capitalism by leaving private property and "productive" capitalism in place, but shifting the active fight against exploitation and bourgeois society to a moral and "ethical" realm.

The Sternhell Argument

Zeev Sternhell's book on the ideolgical foundations of fascism is informed by a determination to expose the irresponsiblilty of intellectuals who denigrate ethics and academic integrity in favor of po-

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litical crusades. In this way, as we will see, Sternhell's argument is quite similar to Sluga's. Sternhell presupposes an explicitly liberal commitment to the universalism and humanism of the Enlightenment in order to build his case against the heterodox Marxists who, he claims, laid important theoretical foundations for Italian and French fascism. Those who would deny the validity of universalistic Enlightenment ethics face the task of establishing some other criteria for the responsible interaction between ideas and politics. If Sternhell differs from Sluga, it is in his willingness to explicitly embrace Enlightenment standards, rather than trying to draw a strict division between the two realms.

Sternhell established his reputation as an historian of the radical intellectual right in the Third Republic. His book on the preeminent nationalist, Maurice Barrès, stressed the anti-Semitic and antiliberal tendencies in French ultra-patriotism (Sternhell 1972). In his second major work, he traced the emergence of Third Republic political movements that were both nationalist and socialist and whose aim was to overthrow the liberal order (Sternhell 1978). The book that followed, *Neither Left nor Right,* established Sternell's international reputation and was also the cause of a minor scandal in France (Sternhell 1986). Here Sternhell went beyond the rather uncontroversial, exhaustive chronicling of the various fringe groups on the right and presented two daring theses.

First, he argued that the radical right was not composed of mere polemicists and cranks but also weighty thinkers who integrated the most advanced and sophisticated theories in contemporary social science and philosophy with elements of cultural modernism. Sternhell argued further that out of this brew emerged a form of French fascism that was already well constructed by 1914 and did not need the events of the war to become consolidated or politically viable. French fascism, in other words, was home grown, not a copy of Nazism or Italian corporatism. Second, Sternhell argued that a multitude of political thinkers on the right in the 1920s and 1930s, even when they never explicitly embraced the self-styled fascist parties in France, helped prepare the way for the collapse of the nation in 1940 through their antiliberal, xenophobic, and chauvinistic agitation. Collaboration, in other words, was a domestic product, not an expression of opportunism or partiality towards German culture.

Sternhell's second thesis, in particular, raised the ire of many

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Frenchmen, not least among whom were right-wing intellectuals personally discussed in the book, and, by implication, named as traitors to French democracy. One of them, Bertrand de Jouvenal, succesfully sued Sternhell for defamation of character, though the court denied Jouvenal a total victory by imposing only a minor fine and allowing the book to remain on the market unchanged (Wohl 1991).

One positive result of the harsh criticisms that Sternhell had to endure is the book under review. In *The Birth of Facist Ideology* Sternhell takes on his critics, but he also has learned from them. Gone is the exclusive preoccupation with the French genre of fascism and the related, unconvincing attempt to blame a diverse group of intellectuals for a series of complex historical constellations (French military defeat, collaboration, anti-Semitism, etc.). Instead, Sternhell builds on the strengths of his previous books. In particular, he develops the insight at the core of *Neither Right Nor Left*, that fascism was not just a hodgepodge of unrelated nationalistic impulses, as has often been argued, or just another version of socialism (as Hayek argued in *The Road to Serfdom*), but rather was a coherent attempt to go beyond Marxism on the left and liberal capitalism on the right so as to find a third way, a unique alternative to modern life. Sternhell traces the genesis of this intellectual movement to both French and Italian sources, in particular the syndicalist critique of Marxism and the consequent replacement of the category of class with the more socially potent, integrative and revolutionary category of the nation.

One of the most fascinating elements of this third way, as elaborated and explained by Sternhell, was its dependence on a highly sophisticated critique of Marxist economics *from the left,* beginning in the 1880s, that was associated above all with the name of the French engineer and amateur philosopher Georges Sorel. Sorel was influenced by the French anarchist Pierre Joseph Proudhon, a contemporary of Marx, but also by advances in the science of economics that had put to rest many of the flawed predictions of Marx and demonstrated that much of his theorizing about capitalism was seriously deficient. Two Italian economists, Enrico Leone and Arturo Labriola, who were followers of Sorel, attempted to rescue the revolutionary potential of Marxism by reconstructing a new basis for socialism, this time grounded in more solid economics. In this endeavor, Leone and Labriola were influenced in part by their under-

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standing of the marginal utility theory of the Austrian school of Carl Menger, Friedrich von Wieser, and Eugen von Böhm-Bawerk. They also added a "hedonistic" component, which they learned from the sociologist Vilfredo Pareto: the idea that economics must take into account idiosyncratic egotistical drives when attemping to calculate general economic processes.

Sorel the Revolutionary

Sorel was neither an entirely original thinker nor one of the many heterodox Marxists who tried to recast and modernize the master's system. Somewhere between an innovator and an epigone, his thinking led him to abandon much of the content while retaining the revolutionary form of Marxism. His strength was his ability to digest a large amount of difficult contemporary theoretical work in economics and philosophy and, having read them in the original German, English, or Italian, recast them for French readers. His writings attracted a generation of young intellectuals seeking a belligerent confrontation with bourgeois society.

Sorel's work is characterized by an uneven and repetitious quality. Instead of logical, step-by-step arguments, he confronts the reader with a barrage of polemical, moral, and tendentious propositions. Like the "fascist style" of the Futurists, his writing is evocative, heroic, dynamic, and anti-bourgeois to the core. It does not invite counterargument or further discussion, but demands and implores affirmation or rejection without any shades of gray.

Originally, Sorel was attracted to the moral content of Marxism, principally the youthful Marx's rage against the injustice and exploitation perpetrated by capitalism against the working class. Inspired by Nietzsche in his reading of Marx, he saw in revolutionary socialist terminology a transvaluation of values, a hope for a fundamental departure from the European past. Like the German philosophers discussed by Sluga, Sorel saw his society as decadent and effete and he hoped to help sweep it away and herald a new age. He was repelled by the petty nature of parliamentary politics in the Third Republic and by what he considered to be the unbounded materialism and hedonism of the middle class. Early on, departing from the historical determinism of Marx, he envisaged the battle of the proletariat against the bourgeoisie as an heroic,

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spiritual, and ethical movement ("ethical" in the original Greek sense of "character-building"). Because the Marxist doctrine left the transformation of human character to the inevitable tendencies of history, Sorel took it upon himself to complete the system in this direction. He was searching for the metaphysical, spiritual foundation for a politics of self-determination below the scientistic veneer of Marxian economic analysis.

Capitalism was for Sorel not the enemy but, as in the *Communist Manifesto,* a dynamic and revolutionary process to be welcomed and, indeed, propelled forward. Yet Sorel rejected the central tenets of *Capital,* the theory of surplus value and the call for the socialization of property. Where Marx prophesied (rather than demanded) a future of reconciliation, peace, freedom, and prosperity in a classless society, Sorel did not claim to know what the society emerging from the apocalyptic self-destruction of capitalism would look like, nor was this his concern. As with the anarchists, for Sorel constant revolutionary activity was an end in itself. He thus attacked reform socialists who wanted the state to intervene in the economy so as to ease class conflict, and instead he defended a *truly* free market of independent producers. Social arrangements that promoted class struggle were positive, while those—whether socialist or liberal—that helped reconcile the classes were deleterious to the revolutionary cause.

In all of this, Sorel's aim was the self-determination and self-organization of the proletariat into a militant movement. Thus, his defense of the free market was coupled with a repudiation of the philosophical and legal framework of natural rights and private property. Instead he advocated an unbridled Darwinian economics, which he viewed as the motor of progress and as the final arbitrer of success and failure in the work of society. This linking of the free market to revolution, based not on future predictions, as with Marx, but programmatically driven forward by the ethical goals of Italian syndicalism, was, according, to Sternhell, the "essential early element of Italian fascism" (47).

As Sorel moved away from Marxism, he transformed Marx's vision into the symbols and myths of an idealized workers' revolt, ending in an apocalypse of destruction. In contrast to Marx, Sorel saw nothing inevitable about the impoverishment of the workers or class warfare. In fact, the socialist reform movements of the late nineteenth century were, for him, evidence of the opposite: as bourgeois society rendered concession after concession to the

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workers, the latter became complacent and supportive of the system. If their character were to be transformed, the workers would have to be moved by a grander vision of an orchestrated, intentional drive toward revolution. Without it, they would succumb to the same materialism that enveloped the middle class. Sorel's revision of Marxism therefore amounted to an antimaterialist embrace of the market economy.

Having emancipated himself from a rationalist understanding of Marxism with the publication of *Les Illusions* in 1899—a book that ends with the wish that "socialism be transformed into a philosophy of morals" (75)—Sorel was open to all those prewar social movements that rejected the ideas of the Enlightenment and political liberalism. Sorel's conversion to "integral nationalism"[1] (which Sternhell dates to the summer of 1909, when he published a series of articles praising Maurras and the *Action Française*) was thus a predictable intellectual transformation. *Action Française* was antimodern, chauvinistic, and mystically Catholic, its constituency a collection of many of the anti-Dreyfusard forces of the Third Republic. It was also the strongest prewar French political movement.

Sorel's attraction to the nationalist right can be explained both by his contempt for the proletariat and by his shift toward intellectual circles that cultivated Nietzsche's philosophy of heroic values and opposed the decadence of bourgeois civilization. Proudhon was also a hero for members of *Action Française*, who admired his anti-intellectualism, anti-republicanism, anti-Semitism, and opposition to liberal Kantian philosophy, as well as his championship of the nation and the family. Nationalism and syndicalism converged, therefore, on a number of fields, rejecting bourgeois materialism while elevating ties of blood, the nation, and power above capitalism, which was despised as as a system of plutocracy and Jewish manipulation.

Sorel was not a crude chauvinist, but he did admire the capacity of the *Action Française* to energize and mobilize the masses in a way that socialism had gradually proved itself incapable. In Sorel's eyes the nation now replaced the proletariat as the locus of a new mythology capable of overthrowing the existing order. With this intellectual move, Sorel had arrived at a syndicalist-nationalist synthesis, an essential ingredient of the coming age of fascist ideologies. "Syndicalism" originally referred to the tactics of the French trade union movement, strongest in the French General Confederation of

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Labor, founded in 1895. The syndicalist-nationalist synthesis, however, envisaged that the trade unions would replace the bourgeoisie as the dominant elite of society, and in the process, abolish property and the market economy and take the place of the government. In France this anti-Marxist synthesis remained exclusively a theoretical option because the socialist movement, led by Jean Jaurès, was prepared to work through the Chamber of Deputies for incremental improvement of the workers' living conditions. The political and social environment in Italy, by contrast, was much more conducive to a real nationalist-syndicalist revolution.

Italian Revolutionary Syndicalism

In Italy, the emergence of revolutionary syndicalism can also be traced to a rejection of the reformist, evolutionary approach of parties like the French Socialists and the German Social Democrats. In contrast to their French and German counterparts, Italian workers, who were not as industrialized and had little experience with reform socialism of a parliamentary nature, found Marxism less attractive. The anarchism of Mikhail Bakunin, with its stress on insurrectionism and direct action, had more appeal (Salvamini 1973, 73ff.).

The Italian Socialist Party (ITP), under Filippo Turati, remained a moderate and impotent force during the prewar period. The Italian parliament was run by a series of unstable coalitions, put together by the shrewd tactician Giovanni Giolitti, who was able to manipulate both liberals and socialists into moving across party lines in return for political favors (Croce 1963, 214–37). Disgusted by the sheepishness of the party, Antonio Labriola created a radical faction in 1902 and then split with the party in 1907, appealing to the militant syndicates, which he hoped would begin a revolution in the factories (on Labriola see Hughes 1967, 37–59). A number of important theoreticians of syndicalism—Michele Bianci, Alceste De Ambris, Filippo Corradini—converted to this form of direct action and helped organize and execute a number of successful general strikes between 1904 and 1908 that brought the entire country to an economic standstill, but did not result in the general expropriation of the bourgeoisie or an end to parliamentary democracy.

In time, syndicalist Italian intellectuals began to despair of the general strike and turned to war as a remedy for what they consid-

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ered Italy's maladies. In 1911, when Italy invaded Libya to gain colonial territory, many supported the campaign. The Union of Italian Syndicalists (USI) divided in 1914 when confronted with the possibility that Italy would take the side of its allies, Gemany and Austria-Hungary, in World War I. Some of the syndicalists wanted the government to remain neutral, and some, like Corradini, wanted Italy to defect from the "reactionary" allies and join the side of the probable victors, Britain and France, as a matter of Italy's national interest (De Grand 1978). In October 1914, the antireactionaries left the USI and created the *Fascio Rivolutionario d'Azione Internazionalista,* the first fascist organization (established a full five years before Mussolini's *Fascio di Combattimento).* Mussolini joined the movement immediately. Although Sternhell insists that the syndicalist-nationalist synthesis had "come to fruition" before 1914, he makes the important concession that the war was necessary to "greatly accelerate its evolution" (140). Since the argument that fascism emerged full-blown before 1914 is central to Sternhell's position, the admission that the war speeded up the emergence of a nationalist-revolutionary synthesis raises the question: exactly how important was the war as a catalyst for fascism?

The Bolshevik Revolution of 1917 had the effect of deepening both the syndicalists' rejection of Marxism and their embrace of nationalism. Unlike the rank-and-file French syndicalists of the prewar period, the Italian theoreticians of syndicalism were firmly procapitalist. Not only did the elimination of capitalism seem fundamentally erroneous from an economic point of view, but they also agreed with the nationalists that Bolshevism was a threat to the nation. The immediate postwar years in Italy were blackened by a huge national debt, depression, and unemployment. Moreover, the army had been humiliated by its performance during the war, and the postwar settlement denied Italy its territrorial and colonial spoils. In the midst of strikes and general unrest, Mussolini founded the fascist combat units, based on the nationalist-syndicalist synthesis that he had learned from reading Sorel and the syndicalist journals in which Leone and Labriola published.

Free-Market Fascism

Labriola was an accomplished economist as well as a practical

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politician who served as Labor Minister in the postwar cabinet of Giolitti. He believed that the solution to Italy's economic problems lay in a corporatist blurring of the distinction between workers and owners. All who contributed to the economy would be recognized as "free producers" and organized according to socioeconomic communities of interest. The true opposition was not between workers and the owners of the means of production, but between free producers and "parasites" who do not contribute to national wealth (144). Commerical capitalism was nonproductive because it was speculative and parasitical (and ostensibly run by Jews); *industrial* capitalism was productive and positive.

The competition between free producers would lead to the emergence of a new industrial elite embodying the "New Man," the heroic, creative, inventive superman dreamed of by Nietzsche and other nineteenth-century opponents of bourgeois culture and Marxist rationalism. Labriola criticized Marxism for restricting its idea of economic exploitation to the proletariat. Labriola's ideal of a society of free producers, and that of Enrico Leone, was to be an economy freed of exploitation by reducing the intervention of the state to a minimum and allowing individuals to pursue their hedonistic goals without limitation. Like the economist Leon Walras, from whom they borrowed the idea of a "hedonistic" basis for the economy, Leone and Labriola argued that social harmony, the final goal of socialism, was possible if individuals followed the law of egoism. "Pure" economics was valid because it was based on human nature. Leone believed that a "liberist" economy would eradicate the forces that impeded equality among producers: the state, parliament, bureaucracy, the legal system, reform socialists, and above all, intellectuals (147). In a situation of "natural equilibrium," which Leone based on the subjectivist marginal utility theory of the Austrian school, the worker would not be forced to produce more than would satisfy his own needs. The "economic moment" would be reached, in short, before the effort to achieve hedonistic goals became painful.

The goal of syndicalism was to bring the entire economy into this general state of equilibrium, in which workers produced and satisfied their needs and capitalists could not inflict pain—that is, accumulate surplus value. Exploitation would be replaced not by central planning, but by the operation of the natural laws of the marketplace and economic egoism. Marx was wrong to base his

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economics on history rather than hedonistic forces. Once the labor syndicates broke down the barriers to pure capitalism by means of the general strike, both the bourgeoisie and the proletariat would have the same access to the means of satisfying herdonic urges.

Syndicalist theorizing about the "liberist" economy was, like Marxism, productionist; that is, it favored forces that contributed to the creation of wealth. Unlike Marxism, however, it opposed any kind of intervention that would disrupt the economy, whether Soviet-style planning or the incipient social-democratic bourgeois state. And unlike Sorel, Labriola and Leone opposed violence; the general strike was to have the sole purpose of creating an *ésprit de corps* among the workers and imposing on them enough discipline so that they could one day take over the means of production from the parasitical bourgeoisie.

The myth of the general strike became problematical because, despite its recurrent successful implementation, it did not lead to revolution. Disappointed with the proletariat's lack of will, syndicalist intellectuals became interested in the nationalists' advocacy of war as a means of overcoming complacency. In the journal *La Lupa*, articles by *Action Française* authors began appearing side by side with the syndicalists in 1910. Filippo Corradini forged the synthesis between national identity and syndicalist revolution. In contrast to the old reactionary nationalism of the regional Italian aristocracy, he spoke of cultural nationalism as a force that would inspire the new elite of producers. Racism, which animated the *Action Française*, could blend easily with the syndicalist ideal of a heroic proletariat.

In contrast to Hitler, Mussolini was a genuine intellectual and did possess a fairly sophisticated theoretical basis for his political program. Like other syndicalists, he had come to doubt the revolutionary potential of the proletariat. He organized the fighting units that later became the Blackshirts as the avant-garde of a mass revolt against bourgeois democracy. But because Mussolini distrusted the workers' ability to revolt spontaneously, he regarded the entire nation as in danger of sinking into bourgeois decadence. Therefore the entire nation, not just the working class, had to be the locus of a revolution.

The main components of revolutionary syndicalism were taken up in Mussolini's evolution from Marxism, toward revisionism, radical nationalism, and, finally, fascism. Mussolini added a theory of elites based on the sociology of Vilredo Pareto, whom he studied while in

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Lausanne from 1904 to 1905. Pareto taught that history saw a constant succession of elites, the vigorous ones replacing the exhausted. Mussolini believed the time had come for the revolutionary syndicalist elite to take over from the exhausted worker's movement. Apart from this elitism, though, Mussolini's disillusionment with Marxism duplicated much of the intellectual journey already taken by Sorel, Labriola, Leone, and other syndicalist intellectuals.

Although one may want to view fascism as a revolt against modernity, it is clear from Sternhell's account that by embracing an ideal of economic freedom and championing allegiance to the state, the fascists attempted to incorporate key modern institutions into their vision. While it is true that nationalist fervor is anti-universalistic and thus a departure from the spirit of the Enlightenment, the same can be said of contemporary postmodernism and communitarianism. None of these movements repudiate the main features of modern society. It may indicate the deep roots of these features that, for all their disgust with the European status quo, fascist thinkers ended up apotheosizing the free market and the nation-state.

Sternhell's illumination of the intellectual origins of "Roman" fascism dovetails nicely with Sluga's research on the crisis of modern German philosophy which, he argues, is the indispensible background to Heidegger's fateful engagement for National Socialism. The fact that syndicalism had a decisive influence on Mussolini's political career, while Heidegger was "merely" a philosopher, should not distract us from the relevance of comparing the two intellectual traditions. Like Italian fascism, National Socialism was an attempt to transcend modernity, even if Hitler did not absorb much of the sophisticated philosophical heritage available to him. Heidegger's attraction to Nazism, if only for a short while, tells us that he saw in it the potential for solving what he considered to be the crisis of Western civilization. The comparison throws light, therefore, not only on some of the deeper sources of the European mutiny against modernity, but also—since some would point to a continuing crisis—why the radical impulses of that revolt have not subsided in our "postmodern" age.

The "Affaire Heidegger"

Sluga, whose philosophical roots are in logical positivism, turned

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his attention to Heidegger as a result of a series of debates initiated by the publication of Victor Farias's book, *Heidegger and National Socialism*, originally published in France in 1987 (Farias 1989). Heidegger had enjoyed a positive reception in the French intellectual community in the 1980s, mainly as a result of Derrida, Foucault, and a host of lesser postmodernist philosophers who were indebted to Heidegger's linguistic orientation (which stressed etymology and diachronic shifts, gaps and concealment of meaning). The Farias bombshell shocked French intellectuals, who seemed to have suffered from amnesia regarding the well-documented association of Heidegger with Nazi politics (Wolin 1988). Not only was there very little that was new in Farias's allegations, but much of the debate about Heidegger's activities as rector of the University of Freiburg in 1933 had already been carried out in the pages of Sartre's review, *Les Temps Modernes,* in 1946 and 1947 (Rabinbach 1994). In Germany, the research of Hugo Ott and Guido Schneeberger had also uncovered most of the pertinent facts about Heideggger's Nazi period (Schneeberger 1962; Neske/Kettering 1990; Ott 1988).

One positive result of the Farias book was to provoke a new and extended examination of the relationship between Heidegger's philosophy and his politics. But the increasingly rancorous debate focused almost exclusively on Heidegger's activities and writings, without considering the intellectual and political context in which his ideas developed (Derrida, Wolin, Eribon, and Sheehan 1993, 65–67). Sluga goes beyond moralizing and psychologizing, focusing instead on the substantial interaction between philosophy and politics before 1933.

Sluga's book emerged as a result of discussions carried out at Berkeley, beginning in 1987, in an informal reading group that included the intellectual historian Martin Jay and the Heidegger specialist Hubert Dreyfus. Sluga's research undertakes to correct what this group saw as a deficient historical perspective, and masterfully succeeds. In the process, his study shows how neither the indictment nor the defense of Heidegger touches on the more substantial question of how German thinkers, from Fichte forward, problematically integrated political issues into philosophy, and how this entire tradition was inextricably bound up in the cultural revolt that led to fascism.

It should already be clear that this cultural revolt was not a phe-

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nomenon restricted to Germany. On the eve of the catastrophe of the First World War, the mood of the intellectuals across Europe was unmistakably gloomy and exhausted. Despite the marvels of science and technology, despite the unprecedented rise in the standard of living of the masses, many felt that bourgeois Europe, with its dull routines and deadening bureaucracy, was a dying, exhausted culture. T. S. Eliot's poem "The Waste Land," though published in 1922, reflected the feelings of senselessness, irrationality, loneliness, and terror of modern life that made the coming of war in 1914 seem like relief and a possibility of renewal. Likewise, when W. B. Yeats wrote that European society, "that rough beast, its hour come around at last . . . slouches toward Bethlehem to be born," he expressed the hope that from the death of bourgeois culture in war, a changed civilization might emerge. Ezra Pound was more pessimistic. He wrote bitterly that the young soldiers had died "for an old bitch gone in the teeth, for a botched civilization" (Fussell 1991, 200).

Although after the war many would wax nostalgic about the seeming innocence and stablity of *fin-de-siécle* Europe, in fact it was a period riven by social tensions and nationalistic conflicts that added to the intellectuals' feeling of impending doom. Historians have pointed out that in the countries that eventually fought each other in 1914, intractable problems involving women's rights, nationality, and class were solved only by the coming of war, and in fact may have been part of the cause of it. In England, struggles over the suffragettes and the Irish question overwhelmed the inflexible English parliamentary system and called out for more radical solutions (Dangerfield 1961). In Germany, the achievement of a Social Democratic majority in the Reichstag elections of 1912 moved the Kaiser to consider disbanding parliament. Had the Great War not come, a civil war in Germany was a very plausible scenario (Joll 1974, 145ff.). In Spain, from 1917 to 1921, peasants rose up in the south and seized land, officers mutinied and Basques in the north fought against the central government. In France insurrectionary strikes, worker's revolts, and a mobilization of the extreme nationalist right threatened to undermine parliamentary rule. The Third Republic had never been stable, shaken as it was by changing coalitions, scandals, and deep social division (Wohl 1979, 138). In Germany, the humiliation of defeat made it difficult to adjust to the reality that the old world was never coming back. Modernity in

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Germany was seen by many as a hostile force, as threatening and vengeful as the hated enemies who had saddled Germany with the entire responsibility for the war (Barnouw 1988). When Heidegger began his career as a philosopher in the 1920s, he positioned himself against the status quo, as an alienated and angry thinker who yearned for a new political beginning.

The Conservative Revolution

Pierre Bourdieu's influential *The Political Ontology of Martin Heidegger* (1991) places Heidegger squarely in the tradition of what has been called the "Conservative Revolution" in Germany. This label has been applied to a diverse lot of thinkers—Oswald Spengler, Moeller van den Bruck, Ernst Jünger, Carl Schmitt, and others—who supposedly were united in their attempt to establish a purely Germanic antiliberalism that was at once more revolutionary and more modern than orthodox Marxism. For Bourdieu, Heidegger belongs in this category because he undermined the only German tradition of humanism derived from the Enlightenment: neo-Kantianism. In contrast to other forms of German Idealism, Kantian philosophy was explicitly universalist in scope and thus could not be pressed into the service of historicism or cultural chauvinism.

Sluga demonstrates, however, that simply equating Heidegger's anti-Kantianism with anti-humanism fails to take into account the fact that by 1918 the neo-Kantians no longer dominated the philosophical landscape in Germany. More importantly, Bourdieu's scheme leaves out all the other German schools and philosophers who, it turns out, were far from the humanistic and Enlightenment tradition that the rise of Nazism supposedly interrupted.

Philosophy during the Weimar years was as divided and polarized as the political spectrum, which ran the gamut from extreme left to extreme right, every gradation with its own party. The neo-Kantian school still attracted a large following, but so did such logical positivists as Gottlob Frege and Ernst Mach. There was the essentially apolitical phenomenological method of Edmund Husserl, on the basis of which not only Heidegger, but a number of other more conventional philosophers, developed their ideas. There were right-wing and left-wing Nietzscheans and an entire spectrum of Nietzsche-influenced philosophers in between. There was also a wide

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range of Marxist philosophy, from orthodox to reform, and there were schools of philosophical anthropology and neo-Thomism. In each of these tendencies, furthermore, there were more humanistically minded and more scientifically minded factions, and divisions between realists and idealists, pragmatists and dogmatists, and so on.

Philosophical Radicals and Conservatives

In order to make sense of these complexities, Sluga offers a basic distinction between philosophical conservatives and philosophical radicals. The essential difference, he tells us, was whether one wanted to revive the great classical period of German philosophy that began with Kant's *Critique of Pure Reason* (1781) and ended with Hegel, or whether one was attached to the more radical hermeneutical and phenomenological schools inspired by Nietzsche and Dilthey (12). Although this distinction is still somewhat misleading in lending itself to the impression of homogeneity within each group that Sluga criticizes in Bourdieu, it does bring the historical context of Heidegger's involvement in Nazi politics into clearer focus.

The split between philosophical radicals and the conservatives during the Weimar period was especially dangerous because it became entangled in the polarization between republicans and antidemocrats that the Nazis would exploit so skillfully. Philosophical opponents turned into political enemies. After World War II, Heidegger defended himself by pointing out that Oskar Becker, a conservative Idealist, had reported Heidegger to Alfred Rosenberg's ideological office as a dangerous, Jew-loving phenomenological radical. Heidegger failed to mention that he, too, managed to ruin the careers of young academics whom he disliked, and that he was responsible for cleansing the Freiburg philosophy department of Jews. The politicization of philosophy was widespread and served the Nazi strategy, which was to transform all intellectual life into an ideological struggle between so-called pro- and anti-Germans.

Sluga suggests two possible interpretations of how the philosophers of the 1930s reacted to the new political circumstances. On the one hand, both camps can be seen as ingratiating themselves with the new Nazi order, but as interpreting what this demanded in different ways. Alternatively, the two camps can be seen as having

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entirely different philosophical and political agendas, but as sharing similar theoretical assumptions, such as antipositivism and an aversion to empiricism.

Sluga suggests that these alternatives are not mutually exclusive and that both contain elements of the truth. A mood of deep crisis pervaded intellectual life and virtually everyone felt that extraordinary decisions would have to be taken in a time of danger. The subjective belief in (rather than the objective certainty of) a crisis undermined many intellectuals' faith in the liberal-democratic order, leading them to see National Socialism as an opportunity for philosophy to make a practical contribution to shaping Germany's destiny. This belief, according to Sluga, was one that Heidegger shared not only with many of his contemporaries, but with an entire tradition since Fichte.

The problem with Sluga's classification of radicals and conservatives is that it leaves out certain important figures who did not succumb to the siren call of the Nazis for the sake of advancing their own version of philosophical truth. Karl Jaspers, Ernst Cassirer, Karl Löwith, and the philosophers of the Frankfurt school such as Theodor Adorno and Walter Benjamin are never discussed by Sluga. Jaspers, for example, although he had a Jewish wife, could have bent with the prevailing wind and saved his career, had he been determined to do so. But he chose exile and his conscience remained true to the deepest humanistic impulses in German philosophy.[2] Of course, these figures were marginalized, cast out from the beginning because of their religion or radical politics. But there were other philosophers who chose not to go along with the politics of the day. One who comes to mind is Nicholas von Hartmann (a figure Sluga mentions only in passing), a recluse who turned inward and quietly wrote book after book, surviving the Third Reich without doing anyone any harm. In the end, Sluga has chosen to tell another story, the story of a pervasive crisis, and he thus narrows the parameters in order to bring the picture into clear focus. Like Fritz Ringer's devastating portrait of German academics in *The Decline of the German Mandarins* (1969), Sluga's book undoubtedly captures main trends in the German intellectual community over a much larger time span. The question remains, however, whether this sweeping damnation accurately reflects the variations and counterexamples which are also part of the tradition. One might also ask if, by concentrating on the villains rather than more exem-

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plary figures, Sluga does not inadvertently excuse Heidegger's mistakes by making them seem part of an inescapable web.

Was Fichte a Protofascist?

In the first part of his book, Sluga traces four major concepts that characterize his protagonists' thought: crisis, nation or race, leadership, and order. He contends that these concepts played a decisive role in encourging an "extreme form of Europeanism," which politicized philosophical ideas in the name of saving Europe from the threat of non-European states and races.

Of all of the works of the great post-Kantian Idealist philosopher Johann Gottlieb Fichte (1762–1814), none is perhaps more closely associated with his name than a series of lectures given in 1807 in Berlin, a city occupied at the time by Napoleon. A year earlier, in Jena, the Prussians had suffered a humiliating defeat at the hands of the French army. Fichte stood at the lectern as an official representative of the King of Prussia and addressed his countrymen on the somber topic of the future of the German nation.

For Fichte, the turmoil of the French Revolution and the ascendance of Napoleon and his armies had left the German people in a deep existential crisis. The Holy Roman Empire, within which hundreds of states, some miniscule, some substantial, coexisted in a loose juridicial and administrative structure, was hopelessly moribund compared to the vital and unified French nation. In his *Addresses to the German Nation*, Fichte undertook to point to a way out of the crisis and to speculate about the future of Germany. He interpreted the role of philosophy as explicitly political; his words were not to be construed as mere detached, scholarly observations, but rather interjections into the course of world history. He even compared his lectures to a new gospel for a new age.

To Fichte, the Germans possessed two things of extraordinary and unique value: their language and their culture. The German language made German thought primordial and untouched by foreign influences, its culture more profound and authentic. Only the ancient Greeks possessed something of comparable worth. Heretofore, however, education into this culture, *Bildung*, was directed solely toward the cultivation of the individual. Now, in its hour of crisis, education must serve the future of the German nation. Young

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people should not think of education as self-development, but rather as spiritual and practical labor for the good of the collectivity. Indeed, Fichte outlined a new kind of education, in which students would participate collectively not only in learning, but in military and manual labor so as to be prepared to serve the German state. When the Nazis came to power, the universities were reformed along lines Fichte had envisaged.

The extent to which Fichte's philosophy can be seen as "protofascist" is still a subject of some debate. Fichte's defenders point out that the crucial elements of biological determinism and racism were entirely absent from his thought. They argue that like his mentor, Herder, Fichte saw all cultures, rooted as they were in particular historical and linguistic configurations, as unique and valuable. He wanted the Germans to become conscious of their own cultural roots, but not lord over other peoples (Berlin 1991, 1993). Sluga takes an unambiguous stand against Fichte on this matter. "Fichte can truly be called a forerunner of what happened under the Nazis," he writes (41). Without going too deeply into the controversy over Fichte's legacy, Sluga might have made his case even stronger had he shown how Fichte not only glorified the German language as a "whole" and "organic" *Ursprache* (original language), but also compared German to the "disintegrative, cold, soulless Latin tongue," which only articulates abstract concepts such as "humanity" and "liberalism," ideas "deeply foreign" to the German "essence" (Fichte 1976, 304–5). Using this kind of language, Fichte established a model of German particularism that consciously imitates a supposed Greek profundity against the emptiness of Roman (and later American) superficiality.

Fichte's high hopes for German Idealism continued to exert a seductive power over German intellectuals, but with the rise of industrial society and the natural sciences in the nineteenth century, German philosophy lost its position as the theoretical arbiter of knowledge. At the end of the eighteeth century Kant's grand project had been to restore to philosophy the role of stipulating, a priori, epistemological rules governing the human capacity to arrive at certain judgments about the external world, not only in the realm of empirical science, but also in the intersubjective realms of morality, religion, and aesthetics. But by the end of the nineteeth century, philosophy seemed on the verge of becoming an antiquated and irrelevant subject. Its only chance for rejuvenation was to search for a

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radical new beginning beyond the methodology and successes of the natural sciences. The most important pioneer in this undertaking was undoubtedly Nietzsche.

Was Nietzsche a Protofascist?

Not surprisingly, to tackle the Heidegger Question, Sluga must first take up the Nietzsche Question, equally as vexing to historians of thought. In making the case for the prosecution, Sluga points to Nietzsche's insistent affirmation of what enhances, strengthens, deepens, extends, or prolongs the experience of living in the world, and his denigration of what denies, degrades, or weakens it. This life-affirming orientation, in Sluga's view, had nationalistic implications even though it supplanted the explicit nationalism of Nietzsche's youth, when he hailed Richard Wagner as a German Homer, an artist who could provide a coherent and unified cultural expression for the German people.

After the establishment of the German Empire (which he supported and for which he enlisted in the army as a stretcher carrier), Nietzsche became disillusioned with what he considered the philistine and unheroic culture of Wilhelmine Germany. In some of his writings, such as *The Genealogy of Morals* (1887), he seems to condone and even encourage the political use of violence, as when he sings the praises of ancient German tribes whose vital instincts were enhanced by raping and pillaging (Nietzsche 1956, 174).[3] It is true that he found the reigning anti-Semitism of his day stupid and vulgar, and he said so unambiguously. But his tirades against the unsalutary influence of Christian morality in Western culture, which he in turn traced to origins in Judaism, left his words open to exploitation by the extreme right of Wilhelmine Germany.

Sluga also condemns Nietzsche's apotheosis of the *Übermensch*, although it is a notoriously vague concept. Literally translated as "superman," the term describes the self-contained individual, an autonomous breaker of cultural idols that inhibit life, one who possesses every attribute missing in the philistine, the dry academic, the snob and the cultural connoisseur. Nietzsche's idol is the aristocratic warrior, with the self-consciousness of being lord and master, while the bourgeoisie is embodied in Nietzsche's "Last Man," the final example of an inferior, slave mentality. Much of Nietzsche's

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hatred for nineteenth-century liberalism, social Darwinism, socialism, and all varities of mass politics can be attributed to his almost obsessive fear that these forces in modern Europe were creating the exact opposite of the superman, a monotonous product of conformist, mass society. In order to create supermen, Nietzsche even speaks of "forming the future man through breeding and, on the other hand, the annihilation of millions of failures" (Nietzsche 1964, 643). This kind of language was, of course, not difficult for the Nazis to interpret literally. At other times, however, in passages where Nietzsche's tone is less shrill, the superman sounds like nothing more than a nonconformist, aristocratic intellectual with anarchistic and revolutionary impulses, someone not much different than Nietzsche himself.

Since Nietzsche's style was poetic and evocative, his unsettling and rebellious tone resonated with groups all across the political spectrum, including even those whom he opposed, such as feminists and socialists. Nietzsche's bitterness pours out across the page like a hailstorm, yet Sluga notes that the Nazis were uneasy about the legacy of Nietzsche's philosophy. It was the dubious accomplishment of Elisabeth Förster-Nietzsche, the philosopher's sister, to establish the Nietzsche archives at Weimar as a kind of shrine to the Nazi worldview. But Hitler admitted never having read Nietzsche's works, though he praised him and assimilated many Nietzschean ideas second-hand.

After the Nazis seized power, ideology became less important as practical strategies for holding power became crucial. By the time the war began in 1939, Alfred Rosenberg's position as chief ideologue of the Nazi movement had been considerably weakened. Historians of the Third Reich are of one mind that Machiavellian technicians of power, like Göring, Speer, Bormann, and Himmler, had the highest positions in Hitler's regime, while the ideologues, such as Rosenberg and Streicher, were marginalized (Bracher 1980; Kater 1983). As minister of propaganda, Goebbels of course held much power and was primarily responsible for keeping morale high during the war. As the war dragged on, he resorted to trivial forms of entertainment to keep people's attention diverted from the mouting toll the war was taking on Germany. Nietzsche and his ideas played a minor role in Goebbels's increasingly shrill propaganda tirades, in which it was, of course, Hitler, not Nietzsche (or

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Fichte, or Schiller, or Beethoven), who was presented as Germany's greatest genius.

If the question of Nietzsche's contribution to the rise of Nazism then remains unanswered, his influence on Heidegger and other radicals of the Weimar period is easier to trace. According to Sluga's thesis, both Fichte and Nietzsche could be accomodated in the pantheon of Germanic heroes who were crudely assimilated by Nazism. But among philosophers, who were well aware of the theoretical and methodolgical differences between these two very distinct thinkers, a conflict erupted over the question of whether Fichte or Nietzsche best represented the contribution of philosophy to the the new nationalist movement. In this dispute, Fichte was hoisted on the flag of the conservative philosophers who longed for a return of the days when classical Idealism was the reigning queen of the sciences. The radicals seized on Nietzsche, whom they hoped would lead to an entirely new beginning in German philosophy.

The Conservatives

Of the two groups, the conservatives were the better organized. Two associations in particular, the Fichte Society and the German Philosophical Society (DPG),constituted the conservative institutional anchors. The figures who set the tone in these societies are today largely and justifiably forgotten. Sluga can be commended for wading through the dusty tomes of such philosophers as Hermann Schwarz, Max Wundt, Felix Krueger, Hugo Fischer, Arthur Hoffman, and racial theorists such as Hans Guenther. Of all the conservatives, only the writings of Nicolai Hartmann and Arnold Gehlen have survived the ravages of time. Gehlen wielded considerable influence in the postwar intellellectual milieu of the Federal Republic. Gottlob Frege and Heinrich Rickert lent some respectability at the beginning to the German Philosophical Society, but they were not at the center of events.

The leader was Bruno Bauch, the founder and leader of the society. Today his books make painful reading. But his ideas serve Sluga well in his attempt to show how ingrained were the nationalistic prejudices of German philosophers long before Hitler came upon the political scene. We learn of Bauch's 1916 article, "On the Con-

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cept of the Nation," which argued that Jews could never love the fatherland since they were an alien people. (Sluga could have emphasized the irony of this statement, since at that very moment Jews were fighting and dying for Germany in the trenches of France.) Bauch was terrified that German culture was dying, especially after Germany's defeat in 1918. He regarded the existentialists who followed Kierkegaard and Nietzsche as symptomatic of decadence and pleaded incessantly for a return to a realm of objective values, invoking Plato, Augustine, and Kant as upholders of truth, God, and the Good. After 1933, Bauch and the like-minded in the DPG were only too willing to grasp at the straw the Nazis held out. Sluga emphasizes repeatedly that given the sense of pervasive crisis, many were convinced that the normal restraints on power could be abandoned. In this situation, men who were normally cautious and suspicious of change allowed themselves to be collaborators in the catastrophic course of Nazism.

For the conservatives, the emergence of National Socialism seemed to offer a chance of returning to the educational system that existed before the rise of the natural sciences. In such a system, which was hierarchical and elitist, philosophers would dominate highly selective universities. The conservatives dreamed of a new cultural elite that would guide National Socialism according to a program of reconstituted German Idealism.

Philosophic Radicals

That the radicals were only loosely organized may be explained by their status as individualists and outsiders. Besides Heidegger, Sluga focuses on the writings of Alfred Bauemler and Ernst Krieck. These three formed an alliance in 1933, but soon afterwards fell out with one another. The short-lived alliance was based on two central interests: the reformation of the German university and the Nietzschean critique of Idealism. Unlike the conservatives, according to Sluga, Heidegger, Bauemler, and Krieck sympathized with the unemployed and disillusioned young veterans who agitated for a modernized curriculum, more practical training, and access to higher education for workers and previously excluded groups. The Nazis were able to win much support from students by promising to reform the German university along these lines.

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Since their theoretical origins were in Nietzsche and hermeneutics, the radicals also rejected the Idealist program of the conservatives. A student of Husserl's antisystematic phenomenoloical method who was also persuaded by Nietzsche's claim to have overcome Western metaphysics, Heidegger interpreted the vocation of philosophy as a search for radically new beginnings. In this endeavor the entire German people, not just the intellectuals, had to become involved. History had called upon German culture to initiate a break with the past as decisive as Greek science had been. With the Nazi revolution at hand, Heidegger thought the opportunity to change world history had arrived. These beliefs established a conjunction of interests between Heidegger and the other radicals, who wanted to reformulate the relationship between German philosophy and the state.

Bauemler, originally a fairly conventional specialist in Kantian aesthetics, became attracted to the "heroic realism" represented by young conservatives and nationalist youth after World War I. Bemoaning Germany's defeat and the "feminine" culture of Weimar, he turned to Hegel, Kierkegaard, Nietzsche, and romantic anthropolgy in a search for the foundations of a soldierly and masculine form of politics. By concentrating on the militant and aggressive side of Nietzsche, Bauemler was able to turn the reticent philosopher into a bloodthirsty fascist in a book published in 1931 with the revealing title of *Niezstche as Philosopher and Politican*. On May 10, 1933, Bauemler gave his inaugural address at the University of Berlin, in which he spoke of the new political revolution in Germany and the role that the university must play in "spiritually" guiding it. That evening, the famous burning of works considered decadent and Jewish took place in front of the Berlin Opera. Bauemler joined the students in tossing thousands of books into the fire.

Less than two weeks later, Ernst Krieck also discussed the issue of philosophy's role in the new regime in his inaugural address as rector of the University of Frankfurt. Krieck's style and philosophical interests were much different than Bauemler's. He came from humble origins and had written a book on education that catapulted him into an academic career. But he was neither a subtle nor original thinker. His attraction to National Socialism derived from his conviction that the university had to serve the people and not the other way around. Thus in his inaugural address he spoke of the

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Nazi revolution as the beginning of a new epoch in which the university would break through the barriers of specialized disciplines and elitist attitudes. The workers and the students were to join together in forging a new community based on a "unified folkish-political worldview" (133).

With the gift of hindsight, we can see that Heidegger was a much more profound and interesting thinker than his contemporaries. Sluga shows, however, that at the time, Heidegger's philosophy, his proposals for the reformation of the universities, and his advice to the National Socialist movement, were by no means extraordinary.

Heidegger's most famous book, *Being and Time* (1927), is still the central point of contention between those who claim that his early philosophy is contaminated by Nazism and those who see his engagement with the new order as marginal. The book attempts a phenomenological account of being-in-the-world: not the factual existence of a subject confronted with objective reality, but the experience of being "thrown" into the world, growing up in a particular culture with unique practices defined by self-contained linguistic structures. The being that emerges from this cultural process he calls "*Dasein,*" Being-There, in short, standing out against the background of "world" in a particular way. In the first part of the book, Heidegger describes *Dasein*'s anxiety at being lost in the world, dictated to by the customs and conventions of ordinary surroundings. Heidegger describes everyday coping in this environment but also the possibility of *Dasein* forging its own authentic existence.

In the second part of the book, Heidegger describes *Dasein*'s political and social interaction with others. The most problematic concept used here is "resoluteness." There are any number of ways for *Dasein* to be in the world, since *Dasein* has no fundamental essence or nature, but is, at bottom, only that which it makes of itself. *Dasein* grows up in certain traditions and customs, but in order to achieve authentic existence, it must resolutely reappropriate this heritage and then forge ahead in creating its own destiny. This openness to possibilities of action can only take place in concert with others, with the people who have experienced the same fate and who will forge their destiny in the future (Sluga, 137).

Sluga writes that Heidegger does not spell out a specific form of politics: "He is not telling us how to choose in order to be authen-

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tic—he makes no moral prescriptions" (138). On the other hand, it would be wrong, according to Sluga, to conclude that Heidegger's early philosophy had nothing to do with his later explicit endorsement of the Nazi regime. In his infamous inaugural speech as rector of the University of Freiburg, delivered on May 27, 1933, he explicitly invoked his own philosophical concepts as a panacea for the problems faced by Germany and as a guide for the future. Addressing not only students and professors, but also the archbishop of Freiburg and important Nazi leaders in a large hall decorated by academic and Nazi flags, Heidegger clearly saw his speech as a political act. Like Krieck and Bauemler, he insisted that the university had a major role to play in the national awakening of the German people. Heidegger explained this by recalling concepts used in *Being and Time.* He talked of the "resolute openness of the German students," of the origins of Greek science as "embracing the whole life" of a people. He spoke of modern man's "abandonment in the midst of *Sein*" (i.e., the plenitude of reality), and how philosophical questioning would lead man back to a primordial confrontation with "those earthly powers of human historical *Dasein* such as nature, history, language, nation, custom, state, poetry, thought, fate, disease, madness, death, law, industry, technology" (140–42).

In the course of his exposition, Sluga demonstrates how misguided and naive Heidegger and most other philosophers who engaged themselves politically were in thinking they could guide the revolution. But he also shows how this naïveté came naturally to those who followed in Plato's footsteps as claimants to the spiritual leadership of the state. Even Germany's radical philosophers saw themselves as the natural guardians of the state, whose boundaries may expand indefinitely depending on the slant of the particular philosopher (Popper 1945; Talmon 1970).

If German philosophers were initially attracted to Nazism only to be disappointed that they didn't become guardians of the state, it was because they failed to recognize the polymorphous nature of its ideology. As Sluga remarks, the Nazi worldview was a potpourri of conflicting ideas: "Nationalist and populist, conservative and radical, traditionalist and at the same time fascistic, devoted to German custom while promoting revolutionary change, elevating the simple peasant life while advancing technological and military superiority, the worldview encompassed a multiplicity of discordant beliefs" (192). Immersed in the Platonic understanding of the relationship

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between philosophy and power, the fateful mistake of the German thinkers was to believe that it was their role to make sense of and legitimate the confused worldview of Nazism. In the process, they assimilated, and thus distorted, entire philosophical traditions to the political needs of the day.

Sluga's Warning

Sluga concludes his book by turning to contemporary attempts by philosophers to gain political relevance by offering theories of power that might effect change in the "real" world. In particular he takes Foucault and his followers to task for speaking about power as if it were a metaphysical substance, an elusive, invisible energy or drive that permeates all social relations. Quite soberly, Sluga points out that power is a much more complicated ensemble of diverse relationships that can only be elaborated by historical investigation. The experience of German philosophers in 1933 teaches us, in Sluga's view, that we cannot know a priori how the relationship between philosophical truth and political power should be constituted. Heidegger and others thought they knew, and were led by their convictions to support one of the most destructive regimes of terror known to history.

Sluga's weighing of the evidence is always judicious and balanced, but his cautiousness leads to a certain timidity. In particular, the moral of the story is less than satisfying. In concluding, he writes that "we live at a time when philosophy and politics have, on the whole, little to say to each other" (255). He suggests that the lesson to be learned from German philosophy's entanglement in National Socialism would be for intellectuals today not only to keep a safe distance from politics, but also to be wary of the politicization of theory. Is this a realistic or wise suggestion? The philosophers' embrace of Nazism represents a very specific historical constellation; it verges on anti-intellectualism to hold up their example every time philosophers claim that politics and philosophy have something to say to each other. Philosophy and the other human sciences stand in danger of even more marginalization and social indifference if claims to political relevance are abandoned.

Since Sluga believes that philosophy still has an important role to play in providing us with an understanding of human beings, he

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can hardly be in favor of its complete depoliticization. History is not necessarily a good guide for knowing what, in the future, may be politically dangerous and what might be beneficial to all. The usual standards of academic integrity, and the ethical responsibility of the citizen, but not the heavy-handed use of the sins of the past, must constitute the measure by which intellectuals gauge the political value of their work.

Helpless Antifascism

The synchronic development traced by Sluga and Sternhell illuminates much about the nature of fascism and its roots in European intellectual history. One is left with a deeper appreciation of the extent to which fascism grew out of a long and genuine search for an end to social conflict and for a more perfect arrangement of social life. The fact that fascism ended in an historical nightmare does not neccesarily detract from the noble intentions of many of those intellectuals who Sternhell and Sluga parade before us as accessories to the crimes. While many of the theorists of revolutionary syndicalism ended up making compromises with the Italian fascist regime, Labriola and Leone went into exile and refused to support Mussolini. Most of the theorists of the conservative revolution in Germany came to see the Third Reich as a perversion of their ideals; Heidegger was reticent about his period of fascist involvement, but there is little doubt that he became deeply perturbed by the course of the Nazi revolution and that his philosophy changed as he reflected on his disillusionment.

The point is not either to blame or absolve these thinkers, but to understand fascism by exploring its origins. Unfortunately, Sluga does not so much illuminate the general German crisis of philosophy that contributed to Nazism, as he points to universal themes of discontent that were expropriated by a ruthless political movement. Sternhell does not so much trace the origins of the fascist ideology as he provides a series of intellectual biographies of former heretical Marxists whose hatred of bourgeois society made fascism appealing to them, even when the goals of radical syndicalism had been abandoned by the fascist regime.

It is clear that the fascists in power didn't need intellectuals; in fact, most independent thinkers were persecuted or intimidated

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into submission. It is equally evident, however, that fascism would have looked quite different had it not drawn on ideas from the nineteenth century that attempted to "sublate" modernity, challenging it so as to improve on it. Integral nationalism, anti-Semitism, irrationalism, mythical collective memories and glorification of the state were all part of this equation, but so too were legitimate challenges to the premises of modern life.

Fascism was the other twentieth-century God that failed in this attempt. Does that mean that there is today "no ideology with pretensions to universality that is in a position to challenge liberal democracy," as Francis Fukuyama famously argued several years ago (Fukuyama 1992, 45)? Will political *ascesis*, as Sluga argues, or a renewed commitment to the ideals of the Enlightenment and universal rationalism, as Sternhell argues, save us from another radical challenge to our unfinished modernity? Hard-headed rationalism easily degenerates into a blunt weapon when challenged by the seductive attractions of myths and grand gestures. Formalistic liberalism often proves impotent to the demand that politics be endowed with soul and meaning. But these issues take us beyond the subjects discussed here. An open question must suffice as a conclusion: was the failure of fascism inevitable because the contradictions of modern life are insoluble, or because intellectual dissatisfaction with modernity was misguided and fundamentally flawed? Future studies of fascism will have to address this question, both in its historical form and in terms of contemporary political relevance.

NOTES

1. Integral nationalism refers to an inclusive and homogeneous, as opposed to an open and heterogeneous, nationalism. Citizenship laws are a good measure for distinguishing between the two: any human being born on United States soil automatically becomes a citizen, while the integral nationalism inherent in current German law grants citizenship only to children born of persons with German passports, automatically excluding the children of immigrants. The integral nationalism of the fascist epoch was, of course, more extreme, since being outside of the integral nation could mean physical annihilation.
2. I thank Eduardo Mendieta for this example. Mendieta also reminded me that it was Jaspers who convinced the American military authorities not to bomb the beautiful medieval city of Heidelberg even though the Nazis had set up command headquarters in its old castles. Jaspers succeeded in per-

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suading the Americans that the city was a cultural treasure for the whole world. In a parallel fashion, Jaspers would not condemn all of German philosophy just because some German philosophers anticipated or adopted National Socialism.

3. Nietzsche adds in the same passage: "Deep within all these noble races there lurks the beast of prey, bent on spoil and conquest."

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Henry N. Goldstein

JUNK BONDS AND CORPORATE AMERICA: REVISITING THE YAGO/BROCK DEBATE

The recent exchange between Glenn Yago and James W. Brock over the junk-bond buyouts of the 1980s missed the mark on a number of points. In reality, neither the buyouts nor their sudden near-cessation contributed materially to the recession of 1990–91. The buyout wave did not end primarily because of new restrictive regulations. The buyouts had no appreciable effect on real capital formation. And the increased rate of bankruptcies resulting from the buyouts left the economy's overall efficiency unimpaired.

In their recent spirited exchange in this journal, Glenn Yago ("Ownership Change, Capital Access, and Economic Growth," *Critical Review* 7, nos. 2–3) and James W. Brock ("Junking Corporate America," *Critical Review* 7, nos. 2–3) each assails a recent book authored or coauthored by the other. Yago's target is Brock and Walter Adams's *Dangerous Pursuits: Mergers and Acquisitions in the Age of Wall Street*, which condemns the "firestorm of deals and debt that consumed corporate America during the 1980s" (Adams and Brock 1989, 225). In turn, Brock savages Yago's *Junk Bonds: How High Yield Securities Restructured Corporate America*, which views the same wave of leveraged buyouts and mergers as a desirable development that helped "focus corporations on single lines of business, increasing efficiency and performance" (Yago 1991, 205).

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Henry N. Goldstein, Department of Economics, University of Oregon, Eugene, Oregon, 97403–1285, telephone (503) 346–4670, telefax (503) 346–5026, thanks Jeffrey Friedman for editorial assistance.

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Though entertaining, their exchange is inconclusive because neither author directly responds to the specific arguments and evidence advanced by the other. Instead of real debate, there are only charges and countercharges. Both writers, moreover, greatly exaggerate the probable impact of the 1980s restructurings on the overall performance of the economy. According to Brock, these restructurings were the main cause of the slowdown and recession of 1990–91. He argues that the buyouts weakened U.S. competitiveness and productivity because the dollars used to finance takeovers were dollars not available for spending on new plant and equipment or on R&D. In sharp contrast, Yago maintains that it was the sudden *end* of the buyout boom that helped precipitate the recession:

> The restructuring of the 1980s for the most part undid the unsound acquisitions of the previous decade, leading to a deconcentration of industries and deconglomeration of unwieldy units in unrelated lines of business. These developments came to an abrupt halt in 1989 [which] . . . may well have helped hurl the economy into a recession, end job growth, and set the competitive position of leading industries drifting toward economic entropy. (Yago 1993, 208)

In this comment, I shall: (1) point out why neither the restructurings of the 1980s nor their sudden cessation is likely to have precipitated the downturn of 1990–91 (thus taking issue with both writers); (2) challenge Yago's explanation of why leveraged buyouts (LBOs) dropped so sharply after 1988; (3) question Brock's interpretation of the opportunity cost of junk-bond financing; (4) refute Brock's assessment of the social and economic costs of financial default and bankruptcy; and (5) briefly sketch the healthy state of Corporate America as of mid-1994—a condition that belies both Yago's (implicit) contention that the economy cannot thrive unless there is a revival of the leveraging and buyout trend of the 1980s, and Brock's claim that "the junk bond binge" of the 1980s significantly eroded the nation's productive potential.

Although this five-point summary may suggest that I give roughly equal marks to both writers, this is not the case. I view Yago's basic argument as correct and Brock's as erroneous: on balance, it seems clear that the financial restructurings of the 1980s (along with the accompanying shifts in managerial control and in-

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centives) enhanced the economy's efficiency. Almost all of the serious scholarly research on the broader effects of the 1980 restructurings support this thesis. A good summary of the findings of this research is given by Krishna G. Palepu (1990, 261):

> Company productivity and operating performance improve substantially in the years immediately following a buyout. The improvements are a result of the changes in financial and management structure associated with the buyout. There is little evidence of a decline in employment levels or average wage rates of blue-collar workers after a buyout, suggesting that the post-buyout cash-flow improvements are not the result of widespread wealth transfers from workers.
> . . .
>
> Buyouts give companies increased depreciation and interest tax shields which account for some of the equity gains from these transactions. [But] buyouts also increase tax revenues to the U.S. Treasury in several [other] ways . . . and the net effect of LBOs [leveraged buyouts] on aggregate tax revenues is likely to be positive.[1]

Restructuring and the 1990–1991 Recession

Brock (1993, 231) blames the 1990–1991 recession on the harmful effects of "a decade of junk-debt deals." In sharp contrast, Yago (1993, 208) suggests that these deals were beneficial because they led to "a deconglomeration of unwieldy units in unrelated lines of business." As Yago reads the record, an important factor triggering the recession was the end, in 1989, of mergers, buyouts, and financial restructuring "as political forces mobilized to slow the pace of economic change through an unprecedented wave of financial regulation and litigation" (ibid.).

Both authors' views seem fanciful. In the first place, the surge in mergers and buyouts would have primarily affected the supply side of the economy—enhancing efficiency, according to Yago; reducing it, according to Brock. But the recession and subsequent slow recovery of 1990–1991 resulted from a slump in *demand*—not from any beneficial or harmful supply-side efficiency effects conceivably induced by the restructurings.

In the second place, both Yago and Brock greatly exaggerate the conceivable cumulative impact of the 1980s restructurings—

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whether positive or negative—on the economy's overall productive potential. In particular, leveraged buyouts are unlikely to have had a dominating macroeconomic impact simply because, even in the aggregate, they directly affected only a small part of the economy. To appreciate their limited impact, consider the following back-of-the-envelope argument:

1. Between 1980 and 1989 (inclusive) the cumulative value of all "going-private" transactions in the U.S. economy was $170 billion,[2] equivalent to $196 billion in 1989 dollars. (Between 1985, the approximate midpoint of the decade's restructurings, and 1989, the CPI rose by 15.2 percent; 1.152 × $170 billion = $195.8 billion.)

2. At the end of 1989, the market value of the total equity of U.S. corporations—both closely held and publicly held—totalled some 2.5 trillion.[3]

3. Thus, the value of shares in companies which had "gone private" over the previous 10 years represented about 8 percent of the total market value of equity holdings in U.S. companies at the end of 1989 (196 ÷ 2,500 = 0.0784).

4. If, by 1989, post-buyout efficiency gains had caused this 8 percent of U.S. corporations (in relative value terms) to experience—say—a 50 percent increase in their post-1989 profits, economy-wide profits would have risen by about 4 percent (.08 × .50 = .04).[4]

5. During the 1980s, the median annual ratio of pre-tax corporate profits to GDP was 6.74 percent. If we plausibly assume that almost all of the efficiency gains stemming from the restructurings were reflected in the profits of the restructured firms (or in the capital gains realized by the "original" shareholders), the corresponding fractional increment in GDP (or its capital-gains equivalent) would be about .0674 × .04 = .0028, i.e., slightly more than one-quarter of 1 percent.

6. A hypothetical increase in GDP by this small fraction would hardly have achieved the aggregate productivity miracle that Yago suggests occurred as a result of LBOs. Nor, correspondingly, would a 50 percent decline in the pretax profits of the restructured companies have inflicted the massive damage to aggregate productivity that Brock implies. In short, the wave of leveraged buyouts during the 1980s, although dramatic and interesting, seems unlikely to have had more than a small supply-side impact, positive or negative, on the economy's subsequent overall productive potential.

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Why Did the Buyouts Suddenly Shrink?

After 1988, the flow of leveraged buyouts diminished sharply. Whereas there were 20 large buyouts (of $100 million or larger, each) in 1987 and 31 in 1988, there were only 5 in 1989 (Kaplan and Stein 1993, 319, Table 1).

While Yago (1993, 208) attributes the boom's collapse to "political forces," a recent study by Steven N. Kaplan and Jeremy C. Stein (1993, 355–56) suggests otherwise. They show that the nature of the buyouts, and the consequent probability of default on the associated junk-bond issues, changed significantly as the decade progressed. By mid-1989, as they became increasingly aware of the increased risk, financial investors simply refused to buy new issues in any volume. Kaplan and Stein observe that

> Of the 41 deals in our sample put together between 1980 and 1984, we have only one that defaulted on its debt; a default rate of just over 2 percent. In stark contrast, 22 of 83 deals put together between 1985 and 1989 had (by August 1991) defaulted: a rate of almost 27 percent. Nine of these defaulted transactions have subsequently landed in bankruptcy court. (Kaplan and Stein 1993, 314)

As Kaplan and Stein explain, the strong profit and low default performance of the buyouts in the early part of the decade whetted investors' appetites for subsequent deals. But the post-1984 deals were structured in a much riskier way than the earlier deals (perhaps, in large part, just *because* the growing appetite of investors for high-yield issues made it feasible for the deal-makers to market bonds that were riskier components of increasingly fragile financial structures). As compared with the 1980–84 buyouts, as Kaplan and Stein (1993, 318–40) document, the post-1984 deals had lower ratios of pre-buyout cash flows to buyout prices; lower ratios of pre-buyout cash flows to post-buyout debt; much higher ratios of junk bonds and associated "cram-down debt" to total capital; much higher fee-to-capital ratios; much smaller ratios of management equity to total capital; and faster principal repayments of senior bank debt and a trend toward issuing junk bonds with deferred interest payments.

When general business conditions softened in 1989 and 1990, the inherent riskiness of these more fragile arrangements took its toll

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and defaults and bankruptcies mushroomed.[5] As a consequence, the willingness of public investors to absorb new issues of high-yield debt evaporated. The *real* mystery—as Kaplan and Stein observe—is why so many investors bought so many risky issues from 1985 through 1988, i.e., why the demand remained so strong as long as it did. On this point, Kaplan and Stein (1993, 356) write:

> To the extent that junk bond investors miscalculated, they probably did so by focusing too much on stated coupon yields and past buy-out successes, and too little on the subtle capital structure details of the deals they were investing in.

Do Buyouts Displace Real Capital Formation?

The principle fallacy in Brock's analysis of the "takeover craze" of the 1980s concerns his assessment of the opportunity cost associated with their financing. Brock (1993, 232) writes:

> More damaging to the economy over the longer run is the massive opportunity cost inflicted by a decade of corporate deals. The vast sums spent shuffling paper ownership shares during the 1980s are, at the same time, vast sums that were *not* invested in new plants, new research and development, new product commercialization, new jobs, or the development and implementation of new state-of-the-art manufacturing techniques. In 1986, for example, corporate America spent more on mergers and acquisitions ($204 billion) than it did for research and development ($56 billion) and net new plant investment ($80 billion) *combined*. More generally, the trillion dollars devoted to corporate deals during the decade represents a trillion dollars *not* ploughed directly into the nation's industrial base.

This view is fallacious. No necessary relationship, positive or negative, exists between bond-financed corporate takeovers, on the one hand, and corporate expenditures on real capital equipment and R&D, on the other. This proposition is easily demonstrated.

Assume that A has a controlling interest in Company X with an initial market value of $60 million. B offers to buy out A's shares for $100 million and A accepts. To finance the takeover, B uses $10 million of previously accumulated cash and $90 million of debt—

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half obtained from a group of commercial banks and half from the sale of junk bonds.

Once the deal is done A finds himself with $100 million of additional "cash." But he is unlikely to keep these proceeds under his mattress. On the contrary, we can be reasonably sure that he will invest them in a range of financial assets—stocks, bonds, CDs, Treasury bills, etc. In making these investments, A will be supplying an additional $100 million of loanable funds to the domestic credit markets—precisely offsetting the $90 million of increased demand for loanable funds and the $10 million reduction in supply that financed the takeover. Thus, the refinancing causes no net reduction in the loanable funds available for real investment projects and R&D programs.

If, as Brock maintains, the junk-bond financings of the 1980s reduced the ability of the U.S. corporate sector to finance truly useful and productive investments, macroeconomic statistics should show a pronounced decline in both real gross investment spending for plant and equipment during the 1980s and in the ratio of such spending to real GDP. But as Table 1 indicates, in the years falling between 1979 and 1994 there was no break in the general upward trend of total gross real investment spending for plant and equipment; nor was there any significant decline in such spending relative to real GDP. For the five years 1980–1984, the ratio averaged 11.5 percent; for the five years 1985–1989, it averaged 11.4 percent.

The figures do show two periods in which aggregate real gross investment outlays dipped and in which the ratio of such outlays to real GDP also fell below their norm—from 1981 to 1983, and again from 1990 to 1991–1992. In both cases, the obvious explanation is economic recession: when firms find that they are operating well below capacity, they reduce their spending on new plant and equipment. This explanation does not need to be supplemented by the invocation of special "new influences"—such as the alleged effects of extensive financial restructurings associated with a surge of junk-bond issues.

Defaults, Bankruptcy and the Real Economy

Mergers and buyouts financed by new debt issues ensure that new firms will have substantially higher ratios of debt to equity than the

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Table 1: Business Gross Fixed Investment Spending (1987 dollars)

Year	*Real Investment Outlays ($ billion)*	*As % of Real GDP*
1980	438	11.6
1981	455	11.8
1982	434	11.5
1983	421	10.8
1984	490	11.8
1985	522	12.2
1986	500	11.3
1987	498	11.0
1988	531	11.3
1989	540	11.2
1990	547	11.2
1991	515	10.6
1992	529	10.6
1993	591	11.5

Source: Economic Report of the President, February 1994, 270, Table B-2.

firms they replace. Should net cash flow (prior to debt-service payments) shrink unexpectedly, the new firms are much more likely to default on their commitments to meet scheduled payments for interest and principal than were the original, less leveraged, firms. Thus, a large number of highly leveraged firms created by mergers and leveraged buyouts during the second half of the 1980s did, as noted above, default on their debt obligations; in many instances, these firms sought protection under Chapter 11 bankruptcy laws.

But Brock fails to appreciate that this development did not necessarily mean that the financial restructurings hurt the *real productive performance* of these firms and thereby the performance of the general economy. In a section headed "The Conflagration of Bankruptcy," he writes that "entire industries were massacred by junk," citing a long list of familiar companies that were either "bankrupted by debt" or subject to "serious financial problems due to excessive debt levels" (1993, 228–31). His discussion proceeds as if financial

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distress, leading possibly to a Chapter 11 bankruptcy proceeding, corresponds to the physical annihilation of the troubled company's plant, equipment, and labor force.

But a debt default or a bankruptcy is not akin to arson. It merely entails a financial reorganization, forcing different classes of creditors and shareholders to incur definitive writedowns of their claims on the troubled firm in accordance with economic facts and legal requirements. Thus, bondholders might be forced to accept "new paper" worth $75,000 for "old paper" bought earlier for $150,000, while shareholders might find that "old shares" acquired for $100,000 are now worth only $15,000, or perhaps even nothing. Distressing as these write-downs are for these investors, the physical assets and labor force of a bankrupt company will usually remain on the job. Bankrupt or not, Macy's will still sell overcoats; 7-Eleven stores will still retail six-packs; McGraw Hill will still publish textbooks; Heileman will still brew beer; and National Gypsum will still manufacture wallboard.[6] These firms and others like them, however, star on Brock's list. Indeed, a firm operating under the protection (and stimulus!) of Chapter 11 sometimes experiences managerial changes that significantly improve its productivity and efficiency. A striking example is the post-bankruptcy performance of Federated Department Stores. (Federated's bankruptcy is another of the "destructive episodes" cited by Brock.) The Federated case has been skillfully examined by Kaplan in two detailed articles (1989; 1994). The story's essentials are as follows:

In early 1988, Campeau Corporation of Canada launched a hostile tender offer for Federated, a holding company with numerous department-store chains as subsidiaries, in what *Fortune* called the "biggest, looniest deal ever." Campeau itself subsequently went bankrupt and Federated, after two years under Campeau's ownership and direction, was forced to operate for two years under the protection of Chapter 11.

Just before Federated went into Chapter 11, Campeau's board of directors relieved Campeau of all operating responsibility for Federated and installed a new management team (drawn from the ranks of various Federated subsidiaries). The new management achieved significant operating efficiencies and two years later, on February 4, 1992, Federated emerged from bankruptcy. Since then, Federated has thrived.[7]

Kaplan compared the post-bankruptcy value of Federated to its

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value four years earlier (just before being acquired by Campeau) after adjusting for asset sales, cash payments to Campeau, and other factors. Even including all of "the direct and indirect costs of bankruptcy and financial distress," Kaplan finds that Federated earned a healthy rate of return on its assets both during its management by Campeau, and under Chapter 11. As he further observes, "Post-bankruptcy descriptions [by industry analysts] suggests that Federated was better run when it existed under Chapter 11 than it was both before it filed for chapter 11 and before it was acquired by Campeau" (1994, 124).

The Health of Corporate America

According to Brock (1993, 225):

> A firestorm of deals and debt consumed corporate America during the 1980s. Some contend that this deal mania, and the junk debt that fueled it, enhanced the nation's economic performance and bolstered its global competitiveness. Viewed in the context of its aftermath, however, the evidence suggests that a decade of junk debt subverted economic performance, weakened the country's economy and rendered it dangerously vulnerable to recession, and inflicted a massive opportunity cost vis-à-vis America's foreign rivals.

Brock presumably wrote these words in mid-1992, when the perceived aftermath of the junk-bond explosion of the 1980s was the economy's slackening growth during 1989 and 1990 and the recession and sluggish recovery of 1991 and early 1992.[8] But the economy strengthened significantly after mid-1992, with real GDP growing at an annual rate of 3.5 percent over the 24 months ending in March 1994. Continued expansion at a rate ranging from 2.8 to 3.5 percent, at least through 1995, is widely anticipated. Some relevant statistics are shown below in Table 2.

Responding to the more rapid growth that developed in the second half of 1993 and early 1994, the Federal Reserve initiated four successive increases in the Fed funds rate during February-April 1994, with the clear aim of dampening incipient inflationary pressures by limiting aggregate-demand growth. (These pre-emptive moves were roundly criticized by Laura Tyson [1994] and Lester Thurow [1994] on the grounds that they threatened to curb desir-

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Table 2: Summary Statistics of Recent U.S. Economic Performance

	1988	1989	1990	1991	1992	1993	1994[a]
Real GDP (% growth)	3.9	2.5	0.8	−1.2	3.0	3.3	3.4
Inflation rate[b]	3.9	4.4	4.3	4.1	2.5	3.0	3.0
Fixed Nonresidential Investment as % of GDP	10.8	10.3	9.7	9.7	9.4	9.8	10.8
Civilian unemployment rate	5.5	5.3	5.5	6.7	7.4	6.8	6.3
Current account deficit as % of GDP	2.6	1.9	1.7	0.1	1.1	1.9	2.2
Index of real corporate profits[c]	100.0	94.9	94.5	88.1	94.2	105.6[d]	115.1[e]

[a]Estimates.

[b]GDP deflator.

[c]Before tax, including inventory valuation and capital consumption adjustments, deflated by the consumer price index.

[d]Based on figures for 3rd quarter, 1993.

[e]The average forecast by 51 economists surveyd by Blue Chip Economic Indicators in April 1994 predicts a year-on-year rise in pretax corporate profits of 12.3 percent for 1994. If inflation is 3 percent, this would correspond to an increase of 9.3 percent in real terms. Applying this factor to the estimated index of 105.6 for 1993 gives an index-estimate of 115.1 for 1994.

able growth at a time when a significant acceleration of inflation seemed remote.

Continued slow inflation can be attributed in part to a resumption of strong productivity growth in manufacturing. On May 5, 1994, the Labor Department reported that manufacturing productivity rose at annual rates of 7.4 percent in the fourth quarter of 1993 and at 6.6 percent in the first quarter of 1994. Commenting on these figures, Stuart Hoffman, chief economist of PNC Bank Corporation of Pittsburgh said, "cost-cutting and investment in capital equipment has really paid off" (*Wall Street Journal* 6 May

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1994, A7). These developments and Hoffman's comment are in striking contrast to Brock's earlier gloomy assessment (1993, 231):

> The fallout of a decade of junk-debt deals continues to compound the country's recessionary malaise. Consumers—fearing layoffs by firms "restructuring" to atone for the follies of the eighties—are loath to spend. Banks and financial institutions, traumatized by the collapsed corporate deals in which they invested, are paranoid about lending. And overleveraged corporations, saddled with staggering debt loads, are virtually precluded from undertaking the new investment projects desperately needed to help pull the economy out of recession.

The economy's subsequent strong performance raises an obvious question: If "the junk-bond craze" of the 1980s was, as Brock contends, the main cause of the slowdown and recession of 1990–91, why did it fail to prevent a healthy, though initially sluggish, recovery in the subsequent three years? What was the mysterious mechanism that offset the adverse effects of the go-go 1980s after mid-1992? The absence of any obvious answer lends credence to the judgment that the corporate restructurings of the 1980s had, at worst, a neutral effect on the economy's productive potential.

Comparisons with Other Countries

During the 1980s, none of the other G-7 economies experienced the degree of corporate financial restructuring that occurred in the United States, which means, according to Brock, that the U.S. economy is unlikely to perform as effectively as its principal rivals in subsequent years. Table 3 casts doubt on this assessment.

True, during 1989–91, the United States did experience a relatively inferior growth rate as it preceded the other industrialized countries in a sequence of slowdown and recession. But from 1992 to 1994, the U.S. was the G-7 growth star. Moreover, as the IMF reported in April 1994:

> the Japanese recovery [is] fragile and . . . Europe's nascent recovery won't gather enough momentum to reduce the jobless rate there until well into 1995. (*Wall Street Journal* 22 April 1994, A13)

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Table 3. Real growth rates in the G-7 economies†

	1988	1989	1990	1991	1992	1993	1994
United States	3.9	2.5	0.8	−1.2	3.0	3.3	3.5 to 4.4
Japan	6.4	4.6	5.0	4.0	1.4	−0.1	−0.9 to 1.0
Germany*	3.7	4.0	4.9	3.6	0.8	−0.9	−0.2 to 1.7
France	4.5	4.3	2.5	0.7	1.4	−0.6	0.5 to 1.8
Britain	4.9	2.2	0.5	−2.4	−0.5	2.5	2.0 to 3.4
Italy	4.1	3.0	2.1	1.3	0.9	−0.5	0.7 to 1.7
Canada	4.9	2.4	0.0	−1.6	1.0	3.0	3.0 to 4.4

†Figures for 1988–92 are computed from annual figures reported in *International Financial Statistics* (March 1994), country pages. Figures for 1993 are 4Q to 4Q figures from *The Economist*, April 9, 1994, "Economic indicators," p. 114. Figures for 1994 are estimates from "Economic Forecasts" published by *The Economist* from a poll of forecasters. See *The Economist*, April 16th–22nd 1994, p. 114.

*West Germany only.

By mid-1994, the only apparent flaw in U.S. aggregate economic performance appeared to be the continuing large deficit on trade in goods and services. When placed in context, however, concern over the deficit seems unwarranted.

Ever since 1982, the U.S. has experienced consistent annual current account deficits.[9] As a fraction of GDP, this deficit has varied from a high of 3.4 percent in 1987 to a low of 0.1 percent in 1991.[10] As Table 2 indicates, the deficit estimated for 1994 is 2.2 percent of GDP—higher than in any year since 1988. The deficit means that U.S. residents (as a group) are accumulating liabilities to foreign residents (as a group) at a somewhat faster rate than they are accumulating financial claims on foreign residents. As this process continues, the U.S. net international debtor position increases, and the U.S. economy has to find the wherewithal to service this growing net external debt. To date, however, this has proved a nonproblem. As events have unfolded, the average rate of return on U.S. claims abroad has exceeded the average rate of return on foreign claims on U.S. residents to such an extent that (through the third quarter of 1993, at least), the U.S. has experienced positive *net investment income*—a surprising (but pleasing) outcome for "the world's largest international debtor country."[11]

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Over the next several years, moreover, the U.S. current-account deficit is almost certain to shrink (and perhaps turn into a surplus) as the long-awaited economic recovery in Europe gets underway and as aggregate demand in Japan once again begins to rise in line with that economy's productive potential. Once aggregate demand and output in these economies revives, U.S. exports—which are concentrated in capital goods—should accelerate. As a variety of reports suggest, U.S.-produced goods have become increasingly competitive against foreign products in recent years. This improvement reflects favorable gains in manufacturing productivity; design and quality improvements in U.S. manufactured goods; a technological lead in such growth areas as airplanes and engines, pharmaceuticals, computer software, and sophisticated semiconductors; reduced trade barriers abroad; foreign direct investments in the U.S. (which have led foreign firms to supply the U.S. market from output in U.S.-based facilities rather than through exports);[12] and exchange-rate movements—particularly the striking depreciation of the dollar against the yen in the past two years—combined with limited increases in average U.S. wages and salaries.

Conclusions

1. Whatever their net effect on the economy's overall productivity, the debt restructurings of the 1980s—contrary to Brock—are unlikely to have contributed materially to the 1990–91 recession. Nor did the sudden end of this wave of restructurings in 1989—contrary to Yago—have any equivalent *depressive* macro-economic effect.

2. Yago's explanations of why the buyout boom fizzled out in 1989 is contradicted by the analysis of Kaplan and Stein. Growing investor apprehension, not new legislative and administrative restrictions, seems mainly responsible for ending the boom.

3. Contrary to Brock, "junk-bond financing" of corporate takeovers did nothing to reduce the amount of financing available for real corporate investment programs or for corporate R&D projects.

4. Contrary to Brock, increased bankruptcies and defaults do not necessarily reduce the economy's productive potential.

5. As evidenced by its robust performance in 1993 and 1994, the

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supply potential of the U.S.economy was unimpaired by either the occurrence of the buyout boom of the 1980s, or—alternatively—by its sudden ending. Rather, the economy emerged from these events into the best of all feasible worlds, with output, employment, and productivity all rising at a healthy rate and with inflation low and stable.

NOTES

1. Other useful articles reaching the same general conclusion are Lichtenberg and Siegel 1990, Smith 1990, Seth and Easterwood 1993, and Healy, Palepu, and Ruback 1992.
2. This is the figure cited by Kaplan and Stein 1993, 318; their source is *W. T. Grimm's Mergerstat Review.*
3. See Council of Economic Advisors 1994, 396, Table V-112, "National Wealth." This source reports that the market value of equity holdings by households and nonprofit corporations direct (or through mutual funds) amounted to $2.2649 trillion at the end of 1989. I estimate that additional holdings by pension funds and life insurance companies add up to at least $235.1 billion; I ignore the value of the equity in U.S. corporations held by foreign residents.
4. The 50 percent figure is plucked out of the air. But a figure even four times as large—which is surely on the high side—would not torpedo the basic argument.

   Note, incidentally, that efficiency improvements serving to reduce the cost of producing a given value of goods by only 5 percent would increase pretax profits by 45 percent, provided that the initial ratio of profits to sales was 10 percent. Thus let initial sales be $100 million, initial costs $90 million, and initial pretax profits $10 million. If sales remain at $100 million but costs fall by 5 percent to $85.5 million, pretax profits rise to $14.5 million—a 45 percent increase.
5. Between the fourth quarter of 1986 and the fourth quarter of 1988, real GDP rose at an annual rate of 4.2 percent; between the fourth quarter of 1988 and the fourth quarter of 1990, it rose at an annual rate of only 0.9 percent.
6. Widespread bankruptcies are, of course, likely to be associated with acute economic distress—i.e., an economic recession or depression with wide margins of unemployed labor and capital. But, clearly, the channel of causation here runs from the recession to growing bankruptcies, not the other way around. The reason is straightforward: recessions reduce free cash flow and hence reduce the ability of highly leveraged firms to meet their preexisting debt-service commitments.
7. After emerging from Chapter 11 in early 1992, Federated's "cash flow"

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(profits plus depreciation allowances) per share rose to $2.83 in 1992 and $3.25 in 1993. *Value Line* (May 27, 1994: 1635) estimates further gains in per share cash flow to $3.60 in 1994 and $3.95 in 1995, not allowing for the benefits it believes Federated would realize if its takeover offer for Macy's, Inc. (which would bring Macy's out of Chapter 11) were to gain acceptance. In late July 1994, agreement was reached on such a takeover. The new combination will make Federated the largest department store chain in the country in terms of total sales volume (outstripping the former leading chain, May Department Stores, by a considerable margin). Commenting on this takeover, an article in the *Wall Street Journal*, 15 July 1994, stated:

> Industry experts are . . . predicting significant consolidation and cost-cutting as the combined company closes down unprofitable stores and reduces its work force of 117,300 employees. "There will be an overlap in operations and clearly some store consolidations," said Ms. Walin of Lehman Bros.

8. The latest citation in his footnotes is April 29, 1992.
9. The current account has three components: (i) trade in goods and services; (ii) net investment income with respect to the rest of the world; and (iii) net unilateral transfers—consisting mainly of government-to-government transfers.
10. The virtual disappearance of the deficit on current account in 1991 reflects the recession's effect on imports and large unilateral transfers from our Gulf War allies. As the economy recovered in 1992 and the special transfers ceased, the deficit widened again.
11. Dire predictions about the painful effects of our becoming "the world's largest international debtor country" were a standard component of Democratic political rhetoric in the 1988 presidential elections. Many prominent economists made similar forecasts. See, e.g., Branson 1990, Friedman 1988, and Krugman [1990] 1992.
12. Leading examples are the production of automobiles and parts in U.S.-based facilities owned by such firms as Toyota, Nissan, and Honda—and prospectively—by Mercedes-Benz and BMW.

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Ryszard Legutko

LIBERTARIANISM VS. COMMUNITY: REPLY TO SIMPSON

Like many libertarian thinkers, Simpson assumes that the minimal state is culturally neutral. This is false. Libertarianism is a theory opposed to hierarchy at the state level. As such, it also undermines the grounds for hierarchy at the community level. Since communities require some form of hierarchy not only to exist but to generate meaningful culture, libertarianism is inherently nonneutral towards culture. From this it follows that Simpson's idea of a minimal state overseeing various nonliberal communities cannot be realized within the libertarian framework. In its place, I defend republicanism, which makes no pretensions toward cultural neutrality.

The distinction between community and state is a fundamental one, though too often ignored by both statists and antistatists, communitarians and anticommunitarians. It is undoubtedly to Peter Simpson's credit that he drew attention to it ("Liberalism, State, and Community," *Critical Review* 8, no. 2). Yet one wonders to what extent it settles—as it was meant to do—a debate about the libertarian project.

Let me say that I see much that is reasonable and appealing in Simpson's idea which, roughly speaking, amounts to a minimal state established primarily as a defensive alliance among nonliberal communities (and he is right in pointing out that most communities are by nature, to some degree, nonliberal). This is not, let me add, an

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Ryszard Legutko, Pigonia 4/75, 31–228 Cracow, Poland, is associate professor at the Institute for Philosophy of the Jagiellonian University.

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entirely hypothetical notion. Simpson himself makes explicit references to the Dutch and Swiss examples. The Dutch example seems especially interesting because it inspired a much commented-upon theoretical model, known in political science as "consociational democracy." The scholar who generalized the Dutch experience, Arend Lijphart (1968; cf. Dahl 1971, Daalder 1984), portrayed a society of segmented pluralism where different groups (referred to as blocks or pillars) were separated from one another and where, in spite of minimal consensus, it was still possible to maintain a high degree of political stability and efficiency. The key to the functioning of such a system was precisely the politics of accommodation, somewhat similar to systems of international relations in which sovereign states with different political and ideological structures establish rules of coexistence, alliances, and coalitions, and no state is in a position to dominate others. The model of consociational democracy was also elitist: it assumed a hierarchical discipline based on strong communal feelings and a high degree of deference on the part of the masses vis-à-vis their leaders. Only then could the leaders expect that the politics of accommodation would work and the solutions negotiated with the leaders of other groups would be accepted. Lijphart's book made quite a stir. Some of the more enthusiastic supporters of the consociational model believed it could be a solution to many conflicts in the modern world, especially in societies characterized by deep cleavages, such as South Africa and Northern Ireland.

I am writing all this—let me repeat—to stress my sympathy toward Simpson's ideas. Yet Simpson couches his essay as, in part, a response to earlier essays of my own, essays that in reality ask a question that is logically prior to Simpson's: Is the libertarian framework (minimal state) open, transparent, culturally neutral, etc.—as its theorists promise—or is it culturally determined? I argued—or rather I brought to the reader's attention an old argument—that the libertarian model presupposed a certain culture and a certain conception of man, which make its ultimate promise unattainable (Legutko 1990; 1991). By delegitimizing any form of hierarchy at the level of the general social framework (which Simpson would call a state), libertarianism undermines the grounds for a hierarchy at the level of the community, thus undermining community itself. If we live in a state where the ruling ideology is multiculturalism or cultural relativism, it is likely that our identities will

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be shaped more and more by this ideology than by communal traditions. How long, one might ask, will a communal tradition retain its binding power in a libertarian environment? Does it take much imagination to visualize a gradual decline of absolutist and hierarchical cultures, which must be viewed increasingly as oppressive, intolerant, and discriminatory in the light of the egalitarian-libertarian habits and mentality that keep the egalitarian-libertarian framework going?

I also argued that we should not be entirely happy with this development. One might fear that the libertarian project will lead to the phenomenon it purportedly opposes: namely, cultural homogeneity. The word "culture" has obviously a rather unusual sense here, as it in fact denotes a state of amorphousness, both psychologically and socially. Real culture is always built on some form of hierarchy. With this gone there is less ground for differences in worldviews among people, and in fact less diversity, no matter how noisy the ideology of pluralism and diversity becomes. I do not know if I could go so far as to accept the thesis that the modern world is less diversified than the Middle Ages, supposedly dark and uniform; but I would certainly side with those who say that there is more variety of ideas and a greater understanding of difference in scholastic philosophy than there is in modern libertarian thought. Nor can I easily dismiss the caricature of the libertarian world as inhabited by people of indistinguishable identities, eager to march in step and to shout in unison the slogans of diversity. Their diversity will be that of tourists who—no matter the number and variety of places they have visited—belong to the same tribe, so that their differences are of no importance.

It is for this reason that I defended the tradition of republicanism which, I believe, does not lead to these consequences. Republicanism maintains the distinction between state and community but it assumes that the state cannot be culturally neutral and that it must, to some degree, reflect the common culture of the communities that live together in the same state. What this common culture is remains, of course, an open question, whose answer depends on many factors. Yet the very fact that this common culture is a system of ruling ideas and not sheer amorphousness, and that it is a process—not a ready-made formula or idealogy—makes it a more realistic notion. There is room for rational debate here, as well as for improvement, accommodation, and respect for tradition; there

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are cultural limits, and there is a possibility of failure: after all, not all human endeavors are successes, and the functioning of political systems should not be an exception to this rule. But at least this is an option which grants that there are some unknown and unpredictable parameters in building a political system, which makes it interesting in theory and challenging in practice. This, unfortunately, cannot be said about libertarianism, whose adherents give the impression of having found the philosopher's stone.

That particular form of cultural homogeneity to which I refer is a modern phenomenon, although, as I pointed out, it was the ancient Greeks who first discovered its existence. What accounts for its prevalence today is, of course, a complicated question, and no single answer would be plausible. I do not want to suggest that libertarianism is responsible for the tourist mentality. I only say it fits very well into the dominant tendency to suspend judgment about the major issues of common culture, and to treat the very notion of common culture as something dangerous and potentially oppressive. I also say that to try to make a state culturally and morally neutral is risky, because in the absence of real communities, masked by the growing importance of the political ideology of diversity, the role of the central government will grow. By abolishing the common culture on which the republic is founded we create a vacuum, and—to borrow from the ancients again—nature does not tolerate vacuums. What started with a praiseworthy intention of giving everyone equal freedom might result in producing a greater demand for the Leviathan. A sense of this danger has recurred in modern political thought from Alexis de Tocqueville to James Buchanan.

But—the counterargument might run—what about the Dutch experience? Is tourist homogeneity unavoidable? This, I hasten to answer, I do not know, and all predictions will be merely speculations. One thing, however, is certain. The Dutch experience is not reassuring, as the model it once produced is now a thing of the past. Consociational democracy, as one critic put it, "has become a historical phenomenon in Dutch political life" (Van Schendelen 1984b, 25; also 1984a). This is admitted even by Lijphart himself, who had to rewrite the new edition of his work by changing the present into the past tense (Van Schendelen 1984b, 24–25; Van Mierlo, 1986). Obviously the collapse of the model has made the idea of exporting it to conflict-ridden societies even less convinc-

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ing than when it was first proposed, and any claim for the universal relevance of consociational democracy must be looked at skeptically.

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Peter Simpson

COMMUNITY IN A NEW LIBERTARIANISM: REJOINDER TO LEGUTKO

Proper criticism requires proper targeting. Legutko argues that libertarianism destroys communities and that my theory, which combines libertarianism with communitarianism, must therefore be wrong. But the libertarianism Legutko criticizes is not the same as the libertarianism for which I argue. He has therefore done nothing to show that my combination of libertarianism and communitarianism is impossible, whether in theory or in practice.

Ryszard Legutko ("Libertarianism vs. Community: Reply to Simpson," *Critical Review* 9, no. 3) and I (Simpson 1994) are evidently much in agreement. Specifically, we agree about the importance of community and about the need for a political arrangement that protects and encourages it. We do not agree, however, about what this political arrangement is or should be like. I argue for a combination of communitarianism at the level of the small and local with libertarianism at the level of the state. I further argue that the state should be viewed as a purely defensive alliance of communities. Legutko argues instead for a form of civic republicanism which, while it also has a concern for communities, is nevertheless not libertarian at the level of the state. According to Legutko the libertarian state is not neutral, as its proponents say it is, but embodies and

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Peter Simpson, Department of Philosophy, Graduate Center and College of Staten Island, City University of New York, 2800 Victory Blvd. #2N, Staten Island, NY 10314, telephone (718) 982-2002, telefax (718) 982-2888, is the author of *Goodness and Nature* (Martinus Nijhoff, 1987).

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expresses a particular cultural vision and theory of man. This vision is such that it destroys communities. Consequently any political theory or system that wishes to preserve and encourage communities cannot embrace or include a libertarian theory of the state. Thus, my own theory must be wrong.

The question of whether libertarianism undermines community is, I agree, prior to the question of how to combine libertarianism and communitarianism. For if libertarianism does undermine community then it is pointless to ask how to combine it with communitarianism. But there is another question that is prior to both of these questions, namely, "What is libertarianism?" For one cannot seriously ask whether libertarianism will destroy community if one does not know what libertarianism is. My essay was, in fact, primarily concerned with the question of the nature of libertarianism (though in the light of my answer to it, I also gave answers to the other two questions). Legutko has therefore mistaken my argument. For the distinction I drew between state and community and the way I argued for a libertarian state was meant to show that libertarianism has been misunderstood and that there is a version of it, unacknowledged by both supporters and opponents, that escapes the standard criticisms—including specifically the criticism, put forward by Legutko, that libertarianism destroys communities.

Now Legutko may well disagree with me on this point, but he cannot prove he is right or that I am wrong simply by repeating the standard criticism against libertarianism. For my contention is precisely that a version of libertarianism exists that is not vulnerable to that criticism. What Legutko must do is show that no such version exists, or that it is not a version of libertarianism, or that it does not, after all, escape the criticism as I say it does, or something else of the sort. But he does none of these things.

Legutko does, however, note a similarity between my position and one adopted by Arend Lijphart. I am happy to acknowledge the similarity as far as it goes, but Lijphart's position is not mine (it is similar, not identical), and in any case Legutko only questions its practical feasibility—and not its feasibility in principle, but its feasibility now as opposed to in the past. Questions of practicality are of course as important as questions of theory, where theories of practice are concerned. But if a theory worked in the past there is no reason in principle that it might not work again in the future. For there is no reason in principle that the same or similar conditions

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might not emerge again, or indeed that we ourselves might not make those conditions emerge again (it is an error, though one the modern mind is all too prone to fall into, to suppose that the future is taking us somewhere and not we taking the future somewhere). So while I am grateful to Legutko for his response to my essay and happy too that there is much we can agree on, I think nevertheless that on neither theoretical nor practical grounds has he raised any serious objections to my argument.

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Robert Higgs

COERCION IS NOT A SOCIETAL CONSTANT: REPLY TO SAMUELS

Warren Samuels maintains that every society has a constant amount of coercion and order, which vary only in terms of who gains and who loses, because every society has a government that establishes property rights. In making these arguments, Samuels exaggerates the extent to which governmental decisions predetermine the workings of a market society, and he fails to recognize that, with regard to the attainment of specific socioeconomic outcomes, governmental stipulation of private property rights differs fundamentally from governmental command and control.

Warren Samuels ("The Growth of Government," *Critical Review* 7, no. 4) has taken a familiar and defensible idea—that the workings of any market reflect, to some degree, the character of the property rights enforced by government—and pushed it to a bizarre and indefensible extreme. "There is something like a constant level of coercive command and control in society," he declares. "Even in a libertarian utopia, government intervention, so-called, would be universal, in that the whole system would depend on government determination and enforcement of a certain form of property (and other) rights." The only variables are "who is to control and use government and whose interests is government to promote and whose to inhibit" (453). In short, the only question it makes sense

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Robert Higgs, 714 Laurel Street, Edmonds, WA 98020, is Research Director of the Independent Institute.

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to ask is: whose ox is to be gored? In this view, a person or group must be either dishing out coercion or taking it, because for societal coercion as a whole, people are playing a constant-sum game.

For Samuels it makes no sense to divide the socioeconomic world into a private sphere and a public sphere; for him, there's only one sphere, and it's public all the way through—that is, fully determined, either directly or indirectly, by governmental decisions. It makes no difference whether rights receive their definition and enforcement through common-law courts or through legislatures and administrative agencies. In either case, the ultimate outcome will be decided by the way in which the government stands ready to bring violence to bear on members of society. Regardless of how government sets the rules or in whose interests it does so, the police will stand ready to break *someone's* head to uphold the established rules. "What constitutes 'activist government,' 'freedom,' or 'coercion' is a matter of selective perception" dependent on one's ideology (458–59).

In Samuels's view, my attempt in *Crisis and Leviathan* to explain the rise of Big Government rested on a "fundamental conceptual error" (452), because the event at issue never happened: the workings of the U.S. economy in 1987 were no more determined by governmental officials than they had been in 1887. "Higgs's Big Government merely does, in different ways, what it has been doing all along" (454); "government influence is now no more fundamental than when it protected certain interests selectively by designating them as property" (455). According to Samuels, my book boils down to "principally an exercise in ideological manipulation" (459).

In my book (Higgs 1987, 28), I describe Big Government as marked by "the wide scope of its effective authority over economic decision-making, that is, the great extent to which governmental officials rather than private citizens effectively decide how resources will be allocated, employed, and enjoyed." Among my most prominent examples of Bigger Government is military conscription during 1917–18 and 1940–73, which was important both for its immediate effect in raising large armed forces and for its lasting positive effect on the public's attitude toward other extreme measures of governmental command and control.

I presume from Samuels's comments that he would deny that the imposition of the draft constituted an increase in the amount of coercion in American society. But to make a case *à la* Samuels, one

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would have to affirm that in the years without a draft, someone, somewhere in America, was being coerced by an amount equal to that of the conscripts during the years with a draft, given that "there is something like a constant level of coercive command and control in society." I have tried to identify who these unfortunates were in the years without a draft, but I've come up empty. I know of no one of any ideological stripe who would deny that conscription itself is coercive. Some approve of it, others don't, but all agree that draftees are coerced into service; otherwise the draft is pointless, as the men would come forth voluntarily to do exactly what they do under the draft for exactly the same compensation and other terms of "employment." How can one deny that conscription added to the overall coerciveness of U.S. society when it was imposed in 1917 and again in 1940?

I am similarly perplexed by Samuels's assertion: "The question is not whether there is to be law and order but law and order on which/whose terms, or which law and order" (453). Samuels seems to be saying that there is a constant amount of order in society, which is hard to swallow. Take, for example, an episode I discuss in my book (Higgs 1987, 91–97), the riots in Chicago and elsewhere associated with the Pullman strike of July 1894. A great deal of looting, arson, and destruction of property (including some 2,000 railroad cars) occurred. More than twenty persons were killed and many more injured. Thousands of federal troops and militiamen in twenty states were called into action to suppress the violence. When the authorities had suppressed the disorder, commentators of various political persuasions rejoiced. Would Samuels maintain that 1894 displayed just as much law and order as any other year?[1] The riots were hardly just a matter of a different interest being served, unless—to use a favorite term of Samuels—one "privileges" the interest of the rioters, largely drunken hoodlums and thrill-seeking youths, as against those of the terrified residents of Chicago and the people whose property was being wantonly destroyed. Is it nothing but ideological drivel to say that 1894 ranked relatively low on a law-and-order scale?

In making his arguments, Samuels goes astray in two fundamental respects.

First, he exaggerates the *extent* to which governmental decisions predetermine the workings of a market society. Government, he asserts, "is the process through which the basic economic institutions

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are determined" (452). He refers to "the role of government in defining and creating the economy" (455), declaring that "particular markets are a function of particular power structures" (458). But although officially sanctioned property rights are certainly important, they are not the *only* determinants of how markets will allocate resources. Yoram Barzel (1989) has shown, for instance, how transaction costs condition the extent to which owners can control and reap benefits from their nominal property rights. Customs, mores, religions, cultures, attitudes, tastes, and other attributes of a society also shape the workings of its markets. The rules nominally established and enforced by government are never completely decisive in shaping socioeconomic processes or outcomes. As Douglass C. North (1990, 36) has written, "formal rules, in even the most developed economy, make up a small (though very important) part of the sum of constraints that shape choices."[2]

Second, governmental stipulation of private property rights differs fundamentally from governmental command and control with regard to the attainment of specific socioeconomic outcomes. In the former case, the government sets rules regarding only *what may not be done*, namely, a person may not take actions that violate the established rights of another. Therefore, the actual choices people make and the actual outcomes of the socioeconomic process remain open-ended to an enormous degree. The concept of a "spontaneous order"—a pattern of socioeconomic arrangements, transactions, and realizations unforeseen and unforeseeable by anyone, including those who establish the prevailing private property rights—nicely expresses the workings of a society based on private property rights. In the command-and-control case, in contrast, the authorities stipulate *what must be done*. If they have sufficient power to enforce their rules, then once we know the rules, we can forecast the socioeconomic outcomes. For example, in the private-property case, wage earners may decide for themselves how much to set aside for their old age; in the command-and-control case, they must pay a 15.3 percent Social Security tax. In the former case, we cannot predict how much will be set aside by various individuals or in the aggregate; in the latter case, we know that at least 15.3 percent of earnings will be set aside by every wage earner.

For a long time, governments in the United States enforced the institution of slavery. Then, after 1865, they enforced its prohibition. Would Samuels say that post-1865 America was no less coer-

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cive than pre-1865 America? Would he insist that the government exerted as much coercion after 1865 keeping the freed people free as it had exerted before 1865 keeping them enslaved? Was emancipation simply a matter of switching the oxen subjected to a perpetually maintained amount of goring? I think not. It seems to me a far more sensible representation of reality to say that American society became substantially less coercive as a result of emancipation, notwithstanding the capital losses and unhappiness of the former slaveholders. While the masters lost coercive power over their slaves, the freed people did not acquire an equal amount of coercive power over others.

Similarly but in the opposite direction, the many accretions of governmental economic controls during the past century have indeed augmented the degree to which American society is coercively directed toward the performance of specific, officially designated tasks and the actual realization of outcomes preordained by official policies. Many people approve of these changes, judging their benefits greater than their costs; a few of us deplore them, judging them too costly in liberty and other values; only Samuels denies the very existence of their addition to societal coerciveness.

Not everyone accepts the conventional libertarian concept of coercion, but in scholarly debate even those who prefer an alternative concept understand what the libertarians are talking about and do not dispute that the libertarian concept refers to something one can identify empirically, such as slavery or conscription or a minimum wage law. For this widely understood concept, Samuels would substitute a set of assertions—constant governmental coercion, constant law and order—so fundamentally implausible that a scholarly conversation could never be sustained in such terms. Of course, social scientists and historians want to know whose interests a government promotes and whose it thwarts, but investigation of those questions will not be advanced by insisting that a society cannot become what American society manifestly has become in the past century—more coercive overall.

NOTES

1. Nevins (1932, 649) calls the year that began July 1, 1894, "the *année terrible* of American history between reconstruction and the World War."

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2. North (1990) discusses separately the informal (36–45) and the formal constraints (46–53).

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Warren J. Samuels

SOCIETY IS A PROCESS OF MUTUAL COERCION AND GOVERNANCE, SELECTIVELY PERCEIVED: REJOINDER TO HIGGS

Robert Higgs misunderstands me as suggesting that there is, in all societies, a mathematically constant level of coercion. My argument is that society and economy are fundamentally structures of coercion and governance, with selective perception being employed to choose which interests government will coercively protect. As a result coercion is ubiquitous—ideological preconceptions and material preferences to the contrary notwithstanding. Libertarianism consists of attractive sentiments but sentiments nonetheless. Higgs is participating in the process of determining the uses of government, not in its minimization; a valuable process but not the latter one.

Although Robert Higgs ("Coercion Is Not a Societal Constant: Reply to Samuels," *Critical Review* 9, no. 3) may find it incomprehensible, for over 40 years I have been inclined in a libertarian direction. But for all my libertarian sentiments I find that they are, while wonderful to contemplate and pursue, only sentiments, sentiments that can create false illusions, illusions that are readily manipulated by those who are actively seeking to control the agenda of government (Samuels 1974a) while preaching noninterventionism. To insist on the importance of government, as well as the ubiquity of coercion, may appear statist; but the propositions are positive, not normative.

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Warren J. Samuels is Professor of Economics, Michigan State University, East Lansing, MI 48824, telephone (517) 349–9334, telefax (517) 432–1068.

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Higgs takes umbrage at my statement that "there is something like a constant level of coercive command and control in society." By saying "something like" I was trying to present the idea that, willy nilly, coercion is always present; I was not proposing a literal mathematical constant. He also finds offensive my view that government social control is ubiquitous, entering in one way or another into all nominally private phenomena. By emphasizing this I did not intend to exclude nonlegal social control, nor did I mean to say that there is only one sphere, the public. Following John R. Commons, in my work on the economic role of government I have insisted on the jointness of the legal and nonlegal elements of the framework of the market. I was trying to present the idea that there is not a public sphere separate from a private one but, rather, that there are realms of action comprised of *both* nominally public and private elements, elements which are themselves subject to selective perception. Private property itself is a marvelous example: it comprises both formal and informal rules, legal and nonlegal social control, and, because property rights are legal phenomena and because law is influenced by private interests, they are both nominally private and public.

Higgs complains about the draft and slavery. I agree: Both are coercive and both, especially the latter, are unequivocally obnoxious. The introduction of either constitutes the imposition of coercion. Does the level of coercion increase thereby? Maybe; I do not think that the level of coercion is something quantifiable, though my language may have misled Higgs. More important in this context, it seems to me, is that the draft and slavery are revisions of an enormous structure of freedom and coercion already present in society.

Let me make my position clear:

1. Society (including economy) is a vast system of mutual coercion. What we call either Pareto optimality or spontaneous order takes place within what Pareto himself considered to be a massive and ubiquitous web of mutual manipulation, centering on both jockeying for position to control government and the manipulation of belief by power players so as to manipulate the sentiments (Samuels 1974b).

2. Society is a vast system of freedom *and* control, not simply freedom versus control. The critical situations are zero-sum, where Alpha having a right means that Beta is exposed, because the structure of mutual coercion is skewed in Alpha's favor.

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Higgs dislikes government regulation. But if the process by which Alpha is able to enjoy the right and Beta is exposed is now reversed, and Beta is given a right, leaving Alpha exposed, there is not necessarily a meaningful change in the "level" of coercion. One system or structure of (nominally private) coercive power is substituted for another by the very institution, government, which helped establish and/or reinforce the first one. Regulation is a mode of rights creation and destruction. So is deregulation.

Higgs makes a qualitative distinction between the common-law courts and the legislative and administrative agencies that participate in this process. From my positivist, nonnormative point of view, they are all modes of developing working rules and both creating and destroying—that is, changing—rights. Anything beyond that is subjective and normative, involving legitimate and necessary judgments, but judgments nonetheless.

Freedom for Alpha is coercion of Beta, and vice versa. Government coercion (which is behind all private rights) can be used as a control on private coercion—but *in each case, the existence and evaluation of the control is a matter of subjective selective perception and judgment.*

3. Although I, too, find the draft offensive, that is a subjective view. The process by which rights are formed and reformed is driven by subjective views. But the imposition of the draft—for all the coercion that it, considered by itself, imposes—must be understood nonnormatively to take place within the larger system of mutual coercion.[1] In part, this means that society, politics, and economy are arenas and processes in which is fought out a battle for the control of the human labor force.[2] The economy is necessarily a system of bringing pressure on people to work. The draft is, too. That the draft is deemed more morally offensive than the market's form of coercion—"work or starve"—is a subjective choice between two forms of coercion, even though I agree with Higgs's choice.

4. Higgs finds the violence associated with the Pullman strike of 1894 to be contrary to law and order. In the sense that he intends, I concur. But I use the phrase "law and order" and even "government" in a wider and deeper sense. Put aside the facts that violence is but one form of coercion; and that it can be argued that the development of labor relations and protective labor law since 1894 has increased the opportunity sets and perforce the freedom of laborers, while decreasing that of others (the dual nature of rights); and that the evaluation of the distribution of coercion and freedom is sub-

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jective. There is also this: Higgs defines law and order in a way that simply conforms to the status quo ante distribution of freedom and coercion (via property rights), begging the question, since the conflict was precisely over *whose conception of law and order* and, concomitantly, which distribution of freedom and coercion—which system of property regulation—was to prevail. Similarly, I would argue that "governance" comprises both the official government and the opposition; it includes those who can be called terrorists or freedom fighters.[3]

5. Yes, there are qualitative differences among the forms which coercion takes. And one can pursue socioeconomic outcomes through putatively wiser rather than sillier policies. But those differences are largely subjective, and always involve subjective elements (as in benefit-cost analysis).

6. Higgs insists that government stipulation of property rights differs fundamentally from government command and control directed toward the attainment of specific socioeconomic outcomes. I tend to agree; mandatory central planning—including conventional taxing and government spending—is different from private property-based market decisions. But the level(s) of taxing and spending are exhaustive of neither the presence of coercion in society nor the compass of government. Nor is the process by which property right stipulations are made devoid of coercion. There is ubiquitous coercion even in a free-market economy (Hale 1923; see also Samuels 1984), as above. Consider also how the colonial powers that ruled in Africa pursued two different paths to the same end. In one case, they treated the indigenous population as slaves. In the other, a free market was imposed, together with rules preventing the indigenous population from owning land but requiring them to pay taxes in lawful money (Seidman 1974); this forced them into the white man's labor market. The individual had "larger" opportunity sets and, one can argue, was better off in the second type of colonial social control system. But that is subjective; the key point is that, whether through private property or command and control, both of these economies were systems of mutual coercion—however the power was skewed.

7. Hayekian "spontaneous order" is a product of both deliberative and nondeliberative forces, both of which are coercive and constitute governance. The nominally nongovernmental private forces are themselves coercive. And seemingly all spontaneous order theo-

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rists (notably Carl Menger and Hayek himself) recognize the need for deliberative (read: governmental) revision of those institutions, that have evolved "spontaneously"; thus, they allow legal change, which is what virtually all regulation is technically about.

8. Slavery is obnoxious. But doing away with slavery without compensation is a legal change that amounts to confiscation. As the late Murray Rothbard and others have pointed out, the matter of just who is to be compensated is not a given: the former slave owners for having lost their property or the former slaves for having had their freedom taken from them. The determination of that matter is both part of the process of working out property rights and a matter of selective perception.

In sum, the problem is not whether coercion is a societal constant. Society is a system, structure, and process of mutual coercion. All governance, including official government, the corporate system (for example), and the tyranny of custom, should be recognized. If one focuses, as does Higgs, on one facet or element of this system of governance, one will likely miss, and even obfuscate, the rest of the extant coercion.

I fully recognize that a social function is performed by so narrowly focusing on official government (or on parts of it); it tends (but only tends) to keep under scrutiny both those who fill official government positions and those who, at one or more removes, control and operate through government. But by doing that, one can readily overlook their opposite numbers. Complaining about legislation that serves special interests both contradicts representative democracy (which can take numerous forms) and neglects those special interests (the Betas as opposed to the Alphas) who have their own agendas for government.

The fact of the matter, whether or not we like it or care to admit it, is that governance and coercion are with us and will remain with us. Most of what most of us most of the time take to be reducing the role of government only changes the interests to which government is giving its support, merely shifting the structure of mutual coercion. What is a "constant" is the presence of the system of coercion; what changes is its form and the interests it serves. Little is analytically accomplished by denigrating "big government" per se. Much more analytically important, it seems to me, is that coercion for Alpha is correlative to freedom for Beta, and vice versa, and that government produces both—directly and indirectly.

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What Higgs is doing is not so much, if at all, the positive analysis of government but the process of working out selective perceptions about freedom, coercion, the private and the public. This is a critically important process. That it is both a matter of selective perception and open to manipulation by parties with ideological or material ulterior interests (or simple misconceptions) should not detract from its contribution to the total social valuational process. Indeed, that process itself is part of governance. The threat to liberty, however it is selectively perceived and institutionalized, arises not only from nominal government but from nominally private power holders; indeed, as John Stuart Mill insisted on in *On Liberty*, from society and not just the state. But ending one threat to liberty ipso facto creates a new one. The question of freedom and coercion is, alas, not simple, and certainly not as simple as Higgs makes it out to be.

NOTES

1. Although I prefer pacifism, I have for years argued privately that faced with a violent enemy one cannot resort to pacifism; one must defend oneself. The use of the draft, as in World War II, must be compared to the alternative: Axis victory. One may still object to conscription in its own right or as a way of protesting against existing society. But all this is subjective, whereas the argument in the text aims at positive, nonnormative analysis: both the draft and Axis domination involved coercion, and a choice had to be made, given those alternatives. See also point 5 in the text.
2. "Whoever does not wish to render history incomprehensible by departmentalizing it—political, social—would perhaps take the view that it is in essence a battle of dominant wills, fighting in every way they can for the material which is common to everything they construct: the human labour force." De Jouvenel 1962, 177.
3. I recently heard on CNN an Israeli military man calling his Palestinian opponents cowards and less-than-proper soldiers for not coming out and fighting in the open. But guerilla warfare is under certain circumstances a sensible military strategy (as are efforts to bring them out into the open by psychological warfare). Would not Higgs be willing to so subvert a regime, of the left or the right, which executed a *coup d'etat* in this country?

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Robert E. Lane

RESEARCHING HAPPINESS: REPLY TO WILSON

Wilson's comments on The Market Experience *are deficient for at least three reasons. First, his lack of knowledge regarding subjective well-being deprives him of an adequate frame of reference from which to evaluate my work. Second, he fails to appreciate that a theory may legitimately draw upon more than one explanatory factor. Third, Wilson apparently did not read the entire book.*

In his discursive review of *The Market Experience* (Lane 1991), James Q. Wilson ("Wealth and Happiness," *Critical Review* 8, no. 4) makes a stylistic point and several substantive points, or at least touches on several topics which I also treat in my book. Wilson does not like the book's style and, indeed, if this is an introductory excursion into behavioral science, the style is difficult going. Economists have told me so, but psychologists and sociologists have no difficulty: a recent review by a psychologist in a British journal says "It is a delight to read . . . the message of the book is put forward elegantly and persausively." Cross-disciplinary communication is difficult, but as Habermas would have said, "It takes two to tango."

Wilson is also unhappy with my definition of happiness and

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Robert E. Lane, the Eugene Meyer Professor Emeritus of Political Science, Yale University, P.O. Box 208301, New Haven, CT 06511, telephone (203) 432–3266, telefax (203) 432–6196, is the author of *The Market Experience* (Cambridge, 1991).

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shares with us some of his observations on that elusive subject. I know that one cannot read everything but he might like to look some time at the extensive literature on subjective well-being, including a journal, *Social Science Indicators* (now in its 23rd year), many literature reviews (one of which complained in 1986 of the 2545 articles on various forms of life satisfaction that required coverage), or even the data bank at Erasmus University.

There is a common and all-too-human tendency to prefer disjunctive explanations (this *or* that) to conjunctive explanations (this *and* that *and* that . . .) It is because Wilson shares this preference that he has trouble understanding how biologically endowed cognitive powers and moods can also be explained by economic and cultural factors. But if one permits conjunctive explanations, the problem disappears: I.Q. and mood have biological components *and* are also influenced by learning processes.

I was pleased to note that Wilson "applauds" at least some portions of a simplified version of my argument published in *The Public Interest*. As it happens, this is a simplified version of chapter 26 of *The Market Experience*—but one would have to read the whole book to find that out.

Wilson partially excuses me for not offering solutions to the problems I present, but remains distressed at my inadequacy in the policy sciences. I recall the response of a certain young woman when she was asked for her opinion of Durkheim's *Suicide*. She asked: If he was so much against it, why didn't he tell us how to stop it?

One anticipates with pleasure learning something fresh about one's book from someone on a wavelength of the political spectrum very different from one's own. Oh, well. Wasn't it Keats who complained about the "irritable reaching after facts"? I am sorry to have irritated James Wilson.

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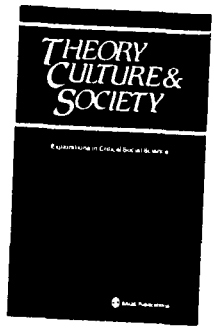

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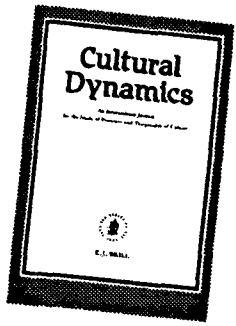

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